

JPRS 82018

19 October 1982

China Report

ECONOMIC AFFAIRS

No. 273



FOREIGN BROADCAST INFORMATION SERVICE

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CHINA REPORT

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CONTENTS

PEOPLE'S REPUBLIC OF CHINA

ECONOMIC PLANNING

Shanghai Stresses Economic Results in Second Half Year (WENHUI BAO, 23 Jul 82)	1
Gansu Semiannual Industrial Production Plan Overfulfilled (GANSU RIBAO, 11 Jul 82)	3
Shandong Overfulfills Semiannual Industrial Production Plan (DAZHONG RIBAO, 17 Jul 82)	5

ECONOMIC MANAGEMENT

Importance of Economic Results in Economic Construction Described (Zhou Shulian; JISHUJINGJI YU GUANLI YANJIU, 30 Jun 82)	7
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FINANCE AND BANKING

Saving Deposits Increase in First Half Year (Wang Jiayan; BEIJING RIBAO, 24 Jul 82)	15
System of Revenue Sharing by Central, Local Governments Discussed (Han Guochun; CAIZHENG, 5 Jul 82)	16
Shaanxi Construction Bank's Policy in Granting Loans Reported (SHAANXI RIBAO, 31 Jul 82)	20
Provincial Conference on Financial, Accounting Work Reported (Yao Guoguang; XINHUA RIBAO, 8 Jul 82)	21

INDUSTRY

Qinghai Government Calls for 100 Days Work (Qinghai Provincial Service, 15 Sep 82)	23
Importance of Market Demand in Production Noted (SICHUAN RIBAO, 15 Jul 82)	24
Production, Sales Coordination Marketable, Attractive Goods	
Heilongjiang Governor Visits Bearing Plant (Heilongjiang Provincial Service, 21 Sep 82)	28
Briefs	
Shanghai Steel Production	29
Sichuan Textile Industry	29

CONSTRUCTION

Engineering Aspects of Coal Extraction Beneath Villages Discussed (Jiao Chuanwu; MEITAN KEXUE JISHU, Feb 82)	30
Urgent Needs of Capital Construction in Jiangsu Outlined (Wang Qiang; XINHUA RIBAO, 3 Aug 82)	43

DOMESTIC TRADE

Causes of Reduced Retail Sales Analyzed (Feng Hongqi, TIANJIN RIBAO, 4 Aug 82)	45
Need for More Commercial Activities in Countryside Reported (Li Qinyuan, Li Xingmin; SHICHANG, 19 Jul 82)	48

FOREIGN TRADE

National Products Versus Imported Goods Discussed (Zhong Hua; FUJIAN RIBAO, 30 Jul 82)	50
Increased Processing of Imported Materials in Fujian Reported (FUJIAN RIBAO, 4 Aug 82)	52
Problems in Using Imports To Serve Exports Cited (Hua Qing; GUANGZHOU RIBAO, 29 Jul 82)	54
Paper on Trade With Hong Kong, Macao (YANCHENG WANBAO, 3 Oct 82)	57

Methods for Promoting Foreign Trade in Localities Suggested (Lao Xu; GUANGZHOU RIBAO, 22 Jul 82)	59
Briefs	
Tianjin Processing Plans Overfulfilled	62
LABOR AND WAGES	
Workers Congresses Formed in More Than 9,000 Units in Shandong (Wang Lihua, Zhang Shengwu; DAZHONG RIBAO, 4 Aug 82) ..	63
TRANSPORTATION	
Briefs	
Qinghai Traffic	65
Liaoning Train Marshalling Station	65
HONG KONG MEDIA ON CHINA	
'Wen Wei Po' Article on Special Economic Zones (Song Zhengting; WEN WEI PO, 5 Oct 82)	66
'Wen Wei Po' on Shenzhen Foreign Investment Plans (WEN WEI PO, 4 Oct 82)	69
PRC's Balance of Payments Termed 'Good' (Wanda Lee; TA KUNG PAO, 7 Oct 82)	72
Use of Videotapes in Product Marketing (SOUTH CHINA MORNING POST, 7 Oct 82)	74
'TA KUNG PAO' on Shenzhen Industrial Projects (TA KUNG PAO, 7 Oct 82)	76

ECONOMIC PLANNING

SHANGHAI STRESSES ECONOMIC RESULTS IN SECOND HALF YEAR

Shanghai WENHUI BAO in Chinese 23 Jul 82 p 1

[Article: "Municipal Government Made Five-Point Demand on Industrial Production with Particular Stress on Economic Results"]

[Text] The focus of work in industrial production in the second half of this year in the municipality will be on the improvement of economic results, so as to guarantee a 4 percent increase in the annual industrial output, or to do even better than in last year. Several days ago, the municipal people's government issued some documents concerning arrangements for production in the second half of this year.

The economic situation was fairly good in the first half of this year. Industrial production maintained its steady increase during the readjustment, and the economic results showed improvement. Production in the second half year will be carried out with a tight supply of energy and raw materials, and fulfillment of the annual tasks will be arduous. Therefore, the municipal people's government mobilized and encouraged the broad masses of cadres, workers and staff members in the municipality to forge ahead bravely to make new breakthroughs, to promote steady development and steady progress, and to pool their resources for the fulfillment of various plans and tasks this year.

The municipal government has laid down five requirements for planning industrial production in the second half year. First, investigations and study on the trend of market changes should be strengthened, and production should be organized in accordance with state plans and social needs. The channels of circulation should be kept wide open for the promotion of sales. The increase of production must be accompanied by the increase of sales, and there should be a close coordination between production and sales. Effective measures should be taken to increase production to meet state requirements and market demands. Attention should be paid to planning for the development of the export of key products as a preparation for the production of these products for export next year.

Second, all concerned must sum up their experiences, oppose conceit and self-complacency, improve the quality of products and increase the number of designs and varieties so as to increase the competitive power of the products. At present, some products in the municipality are of poor quality and lack variety and new designs. They are backward compared with the advanced products in the fraternal provinces and municipalities and with the same products on the international market. Therefore, all trades and undertakings must not indulge in self-exultation or rest content with old practices. They must conscientiously sum up their experiences, draw their lessons from them, and treat the improvement of quality and the increase of varieties as urgent tasks of the present moment. All units should carefully analyze the matter of quality. If their products have shown signs of deterioration in quality, they must find out the causes, and streamline every link and every work process in order to bring about rapid improvements. If their products compare unfavorably with other products of the same types on the domestic and foreign markets, they must work out plans for the specific purpose of catching up.

Thirdly, in coordination of the reorganization of enterprises, all basic work in the management of enterprises must be strengthened, with particular stress on lowering production costs, increasing revenues, cutting down expenditures, and striving to fulfill this year's revenue plan. On the one hand, more avenues should be opened for increasing production and income; on the other hand, expenditures should be reduced along with the closing of loopholes. Every enterprise should encourage its cadres and the workers to put forward good suggestions and make every effort to improve the economic results.

Fourthly, an overall balance should be worked out for material supplies and more active directions should be provided in production. While upholding the principle that planned economy should play its leading role, we must also make good use of the market's regulative role, and take the initiative to find ways and means to fill the gaps in the supply of raw and semifinished materials.

Fifthly, we must concentrate our efforts in rapidly completing the projects of capital construction and technical transformation so that they can quickly yield the investment returns.

The municipal government called on all departments and units to work out their schedules for the second half year in light of their actual conditions. During the present hot season, measures should be taken to prevent heatstroke, to guard against flood and typhoon, to ensure safety in production, to treat the three wastes, to take care of our food according to hygienic requirements, and to preserve public order. We must also guard against various accidents, do our work well, and achieve even great success in completing the various tasks this year.

ECONOMIC PLANNING

GANSU SEMIANNUAL INDUSTRIAL PRODUCTION PLAN OVERFULFILLED

Lanzhou GANSU RIBAO in Chinese 11 Jul 82 p 1

[Article: "Industrial Production Plan for First Half Year Overfulfilled in Our Province"]

[Text] According to information supplied by the provincial economic commission, the total industrial output value in our province continued to increase every month during the first half of this year, totaling 3,673 million yuan and completing 51.63 percent of the annual plan. There was an increase of 9.19 percent over the same period last year. This performance was better than originally expected, and more than enough to meet the requirements of the national economic plan calling for "guaranteeing 3 percent and striving for 4 percent increases."

After its fairly rapid development in the past several years, the light industry continued to grow, while the heavy industry began its upswing after 2 years continued decline. The production plan for communications and transportation was also fairly well completed. The total output value of heavy industry in the first half year was more than 2.7 billion yuan, an 8 percent increase over the same period last year. The energy, metallurgical, petrochemical, machinery and building materials departments of the heavy industry all increased their output values within the range of 5 percent to 57 percent.

Production in the majority of industrial bureaus and in the prefectures and municipalities was better than in last year. Among the 13 provincial industrial bureaus and departments, 11 of them completed more than 50 percent of their annual production plans, and eight prefectures and municipalities completed more than 50 percent of their annual output value plan.

The quality of most products was better than in last year. Among the 100 main products, the outputs of which were included in the provincial statistics, 94 of them were included in the provincial plans, and the plans for 55 of them were fulfilled in the first half year. Furthermore, the output of 73 of them was more than that of the same period last year.

The proceeds from sales and the profits realized were also increased. From January to May, the proceeds from sales by the industrial enterprises included in the provincial budget were increased by 8.21 percent, and their profits realized were increased by 4.54 percent over the same period last year.

Three main problems were revealed in production in the first half year. First, the poor economic results could not be basically improved. Although the industrial output value and the profits in the first 5 months were more than in the same period last year, the profits handed over to the state were decreased by 1.97 percent. The rates of interest from and tax from the output value as well as the profit rate from the sales were lower than in last year, and the quality of some products was lower with even higher consumption. Overstocking was also fairly serious in some areas and departments. According to statistics in Lanzhou, more than 60 million yuans were tied up by overstocked goods in the first half year, including an addition of 35 million yuan this year. This year the types of overstocked goods is different from those of last year. Instead of mainly metallurgical and machinery products, light and textile goods are now overstocked. This shows that in our province, many light and textile products do not suit market demands because of their quality, designs and varieties. The safety factor was unsatisfactory too, since many serious accidents took place in May and June, mostly because of negligence in work. Secondly, because of the severe strain on railway transport, some of our cargoes could not be transferred out, while some urgently needed goods could not be brought in. Thirdly, the shortage of raw and semifinished materials was fairly serious and produced unfavorable effects on the production in the first half year as well as the completion of the annual plan. The problem of prefectural and county enterprises operating under capacity is also very serious.

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ECONOMIC PLANNING

SHANDONG OVERFULFILLS SEMIANNUAL INDUSTRIAL PRODUCTION PLAN

Jinan DAZHONG RIBAO in Chinese 17 Jul 82 p 1

[Article: "Splendid Industrial Development in Our Province; 'Double More-Than-Half' Accomplished in First Half Year"]

[Text] The guiding thought in industrial production on the industrial-communications front in our province has been set right, and economic results are now highly regarded. As a result, speed [in production] is combined with good results, and industrial production continues its development. In the first half year, despite a severe drought, the tight supply of coal, oil, electricity, water and transportation facilities, and the restriction on the production of some main products, a fairly high rate of increase was maintained. The total industrial output value amounted to 50.89 percent of the annual plan, an increase of 8.47 percent over the same period last year. Thus a "double more-than-half" was accomplished in terms of time and annual production plan. In light industry, a fairly high rate of increase is still maintained. Heavy industry had also its upswing. This is the new development in implementing the readjustment policy.

Plans for the output of main products were fairly well completed. A total of 30 main products were subjected to special evaluation. Production plans for 15 of them were more than half fulfilled, and the output of 18 was more than that of the same period last year. The production of easily sold goods, such as bicycles, sewing machines, wooden clocks, cotton cloth, aluminum products and so forth, were increased by a wide margin over the same period last year. Production in energy industry was also better than in last year. The "double more-than-half" was accomplished in coal production; the output of electricity was increased by 6.1 percent over the same period last year; and oil production was basically maintained at the same level as in last year. The annual production plans for steel, rolled steel, electrolytic aluminum, motor cars, chemical fertilizers, sulphuric acid, caustic soda and other raw and semifinished materials were more than half fulfilled. The output of the pharmaceutical system in the province was increased by 29.6 percent, and the plans for both passenger and cargo transport by railway were fulfilled ahead of schedule.

The quality of products was steadily improved, and the consumption of energy and the main raw and semifinished materials was reduced. A total of 80 indices were set for a special quality evaluation, and improvement was shown in 70 of them. The national evaluation of product quality was about to be held, and 46 types of products in our province are qualified to participate in the event in the hope of winning gold and silver medals. Many of our products have won good reputations in the international and domestic markets. The artistic ceramics produced in Zibo won a gold medal at the 34th International Exhibition of Arts and Crafts. Among the 80 consumption indices for a national evaluation, a decrease was shown in 53 of them. For those enterprises consuming more than 10,000 tons of coal each year, the coal consumption was 3.81 tons for every 10,000 yuan's output value, a decrease of 7.93 percent and a saving of 680,000 tons of standard coal, compared with last year.

Because the production was organized according to market needs and under the guidance of state planning, the increase of sales proceeds was more than the increase in output value. In the first half year, the industrial output value in the local state-run enterprises, which were included in the state budget, was increased by 7.61 percent over the same period last year, and the proceeds from sales were increased by 9.26 percent. Efforts were made to promote the production of consumer goods and the means of production which sold well on the market; as for those which did not sell well, measures were taken to restrict their production or to regulate their production according to their sales. Every possible effort was made to increase the accumulation and economic benefits of the enterprises. In the first half year, the profits realized by these industrial enterprises were increased by 1.79 percent; their profits handed in and taxes paid to the state increased by 4.09 percent; their sales tax increased by 11.21 percent; and the profits and taxes combined increased by 8.7 percent, over the same period last year. Thus the increase in profits and taxes surpassed that in production.

There are still certain problems in our industrial-communications production, and these problems should be carefully solved. For example, some products are not selling well. Furthermore, since the base figure was set too low last year, some indices of economic results in the first half year, though surpassing those in the same period last year, are not actually high. The improvement of economic results in the second half year will be difficult. Therefore, the comprehensive completion of the annual plan has to depend on the great efforts of the broad masses of cadres, workers and staff members on the industrial-communications front.

ECONOMIC MANAGEMENT

IMPORTANCE OF ECONOMIC RESULTS IN ECONOMIC CONSTRUCTION DESCRIBED

Taiyuan JISHUJINGJI YU GUANLI YANJIU [THE STUDY OF TECHNICAL ECONOMY AND MANAGEMENT] in Chinese No 2, 30 Jun 82 pp 14-17

[Article of Zhou Shulian [0719 0647 5571]: "The Problem of Economic Results Is the Crux of the Problem of Economic Construction"]

[Text] Poor economic result is now the cause of many difficulties in our economic construction. It hampers the healthy development of the economy and the improvement of people's livelihood. In his report on political work delivered at the Fourth Session of the Fifth National People's Congress, Comrade Zhao Ziyang stressed the need to improve economic results and to blaze a new trail in our economic construction for the attainment of better economic results. At a national industrial-communications conference recently convened, he again pointed out that the key to the basic improvement of financial and economic conditions lies in the shifting of economic work on to the path of improving economic results. Therefore, improving economic results is now the central task in our economic work.

Economic results have varied greatly in different periods following the founding of the People's Republic. During the First Five-Year Plan, or from 1952 to 1957, the economic results were fairly good. Among the state-run industrial enterprises, the profits and taxes realized from every 100 yuan's capital were 25.4 yuan in 1952, and increased to 34.7 yuan in 1957. During the Second Five-Year Plan, or from 1958 to 1962, there was a big drop in economic results, and by 1962, the profits and taxes realized from every 100 yuan's capital was only 15.1 yuan, less than one half of the amount in 1957. The economic results were again improved during the 3 years of readjustment in 1963-1965. In 1965, the profits and taxes from every 100 yuan's capital was 29.8 yuan which was raised to 34.5 yuan in 1966. In other words, after 3 years of readjustment, the economic results again returned to their highest level during the First Five-Year Plan. The 10 years of domestic turmoil again brought a big drop in the economic results, and for every 100 yuan's capital, the profits and taxes of state-run industrial enterprises were reduced to 19.3 yuan in 1976; compared to those in 1966, this was a reduction of more than one-third. Economic results began to improve after the downfall of the "gang of four," and in 1979, the profits and taxes of state-run industrial enterprises for every 100 yuan's capital were raised to 24.8 yuan, which, however, was far below the best level ever attained.

Under the socialist system, because of the system of public ownership of the means of production, the planned economy, and the elimination of exploitation, it should be entirely possible for good economic results to be achieved. Some comrades have doubts on this possibility when they see the present poor economic results. Such doubts are groundless. As shown by the facts already mentioned, we can certainly achieve better economic results as long as we give full play to the superiority of socialism. The profits and taxes from every 100 yuan's capital are a comprehensive index reflecting the economic results of enterprises. Not only this, but also other indices can show the better economic results in our country during the First Five-Year Plan. For example, the output value from every 100 yuan's fixed assets in the state-run enterprises in 1952 was 134 yuan, and was in 1956 raised to 151 yuan; and the amount of circulating funds used for every 100 yuan's output was 23.1 yuan in 1952, which was reduced to 19.4 yuan in 1957. During the First Five-Year Plan, the national income was increased by 35 yuan for every 100 yuan's accumulation. This index shows that our investments also had better returns. During the 3 years of readjustment in 1963-1965, the economic results were also quite good. However, it still cannot be denied that the economic results in our country have been fairly poor for a long time. During the economic readjustment in the past several years, the factors which have for many years contributed to poor economic results have been improved and not been basically changed. For example, the consumption of raw materials and energy is high, and waste is serious in production. In the past several years, our achievements in energy conservation and the saving of raw and semifinished materials in industry are by no means small. In 1980, when energy production was reduced by 1.3 percent, our industrial production could still increase by 8.7 percent. In some enterprises, however, the waste of raw materials, fuel, power and labor is still very serious. According to the statistics on 74 indices of material consumption in the key enterprises of some industrial departments, a comparison of the average consumption from January to November 1980 with that of the same period in 1979 showed decreases in 68 percent, and increases in 32 percent of these indices. The average national income produced by each ton of energy in 1979 and 1980 was 551 yuan, a 53 percent decrease from 1,167 yuan during the First Five-Year Plan. For example, again, the quality of products is poor. The quality of the majority of our main products have been improved in the past several years, but in 1980, the quality index of approximately 40 percent of our products did not reach the best level previously attained. Furthermore, circulation is slow and overstocking of materials is serious. In 1979, the amount of circulating funds used for every 100 yuan's output value in the state-run industrial enterprises averaged 31 yuan, being 14 yuan more than the best level in 1956 when the average amount was only 17 yuan. If we can return to the best level previously attained, we will be able to save 50 billion yuan of circulating funds each year. At present, there are throughout the country 20 million tons of rolled steel and approximately 60 billion yuan's worth of mechanical and electrical engineering products in stock, and many items are being overstocked. Finally, the investment returns are poor in capital construction. The comprehensive investment in each unit of newly added productive capacity for steel, coal and spindles for cotton spinning, in 1976-1978 was generally higher than during the First Five-Year Plan by more than 1 or 2 times. The investment required for increasing our national income by every yuan was 1.68 yuan during the First Five-Year Plan, 3.2 yuan in 1976-1978, and recently increased to nearly twice the amount required during the First Five-Year Plan.

It is certainly undesirable to have poor economic results, but they also show the great potential for our national economic development. The urgent task of the moment for us is to make every effort to improve the economic results and to prevent their deterioration. To do this, we must look for the causes of poor economic results and at the same time study the factors regulating economic results in order to find the methods and measures for their improvement.

There are many factors regulating economic results, and the causes of poor economic results are very complex. One of the main causes is the blind pursuit for high speed in production and construction and the disregard of economic results. The speed for production and construction as stipulated in our First Five-Year Plan, though quite high, was fairly practical, and the economic results were also fairly good. In the Second Five-Year Plan, however, we began to strive for unrealistic high speed, as shown by the requirement to double our steel output in 1 year, and the economic results quickly became worse. These facts show that striving for unrealistic high speed can lead to the deterioration of economic results.

For many years, there has been in our economic work the idea of achieving quick success in industrialization, although such an idea is inconsistent with our national conditions. This idea is mainly manifested in the following ways: First, the setting of excessively high targets for industrial production which have forced industry to elbow out agriculture thus leading to the disproportion between industry and agriculture. Second, the policy of one-sidedly stressing priority for the development of heavy industry, with the result that heavy industry had to elbow out light industry causing the disproportion between heavy and light industries. Furthermore, "taking steel as the key link" led to the disproportion inside industry. Third, the blind expansion of the scale of capital construction, so that capital construction had to elbow out maintenance and production, leading to the disproportion between simple reproduction and expanded reproduction. Fourth, the excessively high rate of accumulation with the result that consumption was neglected, causing the disproportion between accumulation and consumption. Since the main proportionate relationships in the national economy were seriously unbalanced, social reproduction could not be carried out smoothly, and economic results can hardly be improved; worse still, their deterioration can hardly be avoided.

There have been prolonged debates on the question of relationship between proportion and speed in economic development. According to the view which stresses speed at the expense of proportion, and which for a time gained currency, proportion should be subordinated to speed in planning. This is a theory in defense of striving for unrealistic high speed. Facts have proved that this view is wrong. Speed in the development of production is unquestionably a very important issue. If at all possible, we should strive for a high speed in production. However, speed must be predicated on proportion, because without proportion, there cannot be any sustained high speed with good economic results. We must correctly handle the relationship between speed and proportion, and treat the readjustment of the economic structure and overcoming disproportion as our primary tasks in the present period of readjustment. At the same time, we must determine the speed for developing production in a realistic way during the Sixth Five-Year Plan. Only thus can we create the favorable conditions for improving the economic results.

Another important cause of our poor economic results is the existence of certain defects in the system of economic management. For example, the authority of management is over-centralized, the enterprises lack due independence and the necessary decisionmaking power, and have to manage their business operation at the bidding of the higher authorities. This will give rise to the following defects: First, since economic management is carried out according to the administrative system and the administrative zones, each department or each region has become a system of its own. This can only disrupt the internal relations and the balance of the national economy and lead to disproportion. Secondly, if the enterprises are restricted in giving play to their enthusiasm and initiative, they will "eat from the same pot" and their workers and staff members will have "iron rice bowls." They will lack the strong driving force and the necessary pressure for improving their business management. Thirdly, the over-concentralization of authority is disadvantageous for the correct utilization of commodity production and the laws of value, so that people's needs cannot be promptly brought to the attention of the authorities and dislocation between production and demand will result. All these are unfavorable for the improvement of economic results.

One question that deserves to be raised for discussion is how to improve economic results under our present system of economic management. As mentioned earlier, the economic results in our country during the First Five-Year Plan and the readjustment period in 1963-1965 were fairly good. This shows that even under a centralized system of economic management, the economic results are not necessarily poor. Then how can economic results be improved under this management system? I think this is a significant question that deserves to be studied. It seems to me that at least, the following conditions are necessary for this system to produce good economic results: First, it must be suitable for the productive forces and level of business management at that time. Secondly, it must be of a fairly strong structure so that it can function regularly and smoothly. Thirdly, the guiding thought in economic construction must be correct. The third point is particularly important. After the First Five-Year Plan, the main cause of the deterioration of economic results in our country was the mistakes of the guiding thought, as mentioned earlier. Now that we have thoroughly rectified the mistakes, the guiding thought in economic construction has been set right. At the same time, we are now actively and steadily reforming the system of economic management, and taking effective measures to arouse the enthusiasm at various quarters. This is also a favorable condition for improving economic results. Of course, the reform of our economic management system is an arduous task. However, according to the conditions of the experimental reforms in the past several years, we have achieved marked success and gained some new experiences. We are now summing up the experiences in the reform at the early stage and striving for a more healthy development in economic reform and for the improvement of economic results.

Another important cause for the poor economic results in our country is the poor management of enterprises, or even the chaotic management of many enterprises. In some enterprises, for example, labor discipline is lax and the attendance rate is low. Some people may only show up but do not actually work.

In some enterprises, such basic requirements as norms, means of measurement and statistics, are very inadequate, and there is no strict system of cost accounting. In some enterprises, the technical control is weak and the quality of products are very poor. In some enterprises, the unhealthy tendency is serious, even to the extent of graft, embezzlement, speculation and profiteering. Poor enterprise management certainly has something to do with the defects in our country's system of economic management; but there are still other causes. First, the effects of the 10 years of domestic turmoil. Many enterprises in our country were originally well managed. In business management, we also have some unique experience, such as in democratic management, ideological work, and so forth. However, the 10 years of domestic turmoil severely disrupted the management of enterprises, especially because Lin Biao and the "gang of four" spread various fallacies which basically denied the need for enterprise management, confused people's minds, and mixed up right and wrong theories. It is no easy matter to wipe out their effects. Secondly, the enterprises have large numbers of new workers and staff members who have neither knowledge of, nor experience in enterprise management. They are not accustomed to the strict disciplines required for socialized mass production and have no knowledge of or skill in production. Thirdly, the reform in the system of economic management has created new problems and made new demands on enterprise management. To help the enterprises improve their economic results, apart from creating the necessary external conditions, such as the readjustment of the economic structure, reforming the system of economic management, and improving the national economic plans, it is also necessary to comprehensively reorganize the enterprises in order to raise their level of management.

For a long time in the past, we were only concerned with new construction and neglected the technical transformation of the existing enterprises. As a result, the equipment of some enterprises has become out-dated, their technology has become backward, their products have become obsolete, and their technical forces have become weakened. This is also one of the causes of our poor economic results. Now, the state has decided to change the practice of relying on newly built plants for expanded reproduction. In future, we will have to rely mainly on technical transformation and bringing into full play the role of the existing enterprises in expanded reproduction. By carrying out technical transformation selectively and systematically, we will be able to lay a fairly solid material foundation for the development of light industry, which will give an impetus to the readjustment of the heavy industry and help to bring about a rational internal structure of the heavy industry, to conserve energy and to improve the technology in our enterprises. All these will be advantageous to the improvement of economic results. We should draw our lessons from our disregard of economic results in the past, and in carrying out technical transformation at present, we should aim at the improvement of economic results. We should also adopt a series of measures to ensure that the technical transformation will yield better economic results.

Some comrades have asked why after several years of readjustment and restructuring, the poor economic results have not been basically changed. I believe that the poor economic results at present are mainly attributed to the following causes:

First, the aftermath of striving for unrealistic high speed. The long period of striving for unrealistic high targets has led to a very irrational industrial structure and an disproportionate national economy. These are the obstacles to the improvement of economic results. It will take some time for us to get over this aftermath.

Secondly, we have not been firm enough in carrying out the closing, suspending, merging and retooling of enterprises. During the readjustment carried out in the 1960's, we resolutely closed and suspended a number of backward enterprises and conscientiously and strictly reorganized those which still remained. This made it possible for the economic results to improve rapidly. In the past several years, we were not forceful enough in closing, suspending, merging and retooling the enterprises. Many enterprises with high consumption of energy and raw materials and incurring heavy losses are still fighting a war of attrition.

Thirdly, we have not been firm enough in readjusting the product mix and service orientation of the heavy industry. During the economic readjustment, it is inevitable and necessary that we should slow down the growth of part of the heavy industry in order to improve the internal structure of industry and to accelerate the development of light industry. However, some enterprises which should have increased their production last year, had reduced outputs, and the reductions were excessive. Therefore, the economic results were adversely affected.

Fourthly, we have not been firm enough in reorganizing the enterprises, and that is why many enterprises are still very poorly managed. After the 10 years of domestic turmoil, it will take some time to restore and improve a system of business management.

Fifthly, some measures for restructuring are lagging behind. In the past 2 or 3 years, the orientation of our restructuring was correct, and the achievement was considerable. This achievement has played a good role in revitalizing the economy and arousing the enthusiasm of the enterprises and the workers and staff members. However, certain specific measures failed to keep pace with the progress of restructuring. For example, the system of economic responsibility for enterprises is still far from ideal and handicaps the improvement of economic results. In some enterprises, the workers and staff members are paid too much welfare subsidy or bonuses, and this affects the state's revenue.

Sixthly, since the technical transformation of enterprises was started not long ago, the implementation of this policy will also take some time.

Besides, some enterprises' weakness in political and ideological work and the workers' lack of the sense of being masters are also the causes of poor economic results.

To improve the economic results, we must conscientiously implement Comrade Zhao Ziyang's 10 principle and carry out our work in many fields. At present, we should pay special attention to the following tasks:

First, strengthening and improving the work of planning and working out an overall balance in the national economy. Here, an important problem is with the scale of capital construction. In 1981, we began to bring the scale of capital construction under control. In the next several years, we should still strictly control capital construction and at the same time strive to shorten its construction period in order to improve the investment returns. According to calculations from the present scale of capital construction, reduction of the construction period by 1 year will mean a saving of 5 billion yuan in wages and increase the state's profits and taxes by 5 billion yuan. The sum of these two amounts is 10 billion yuan.

Second, closing and suspending a number of enterprises with high consumption but poor economic results. At present our energy resources and our important raw and semifinished materials are inadequate for the requirements of the existing industrial enterprises. We must supply them only to the deserving ones so that the raw materials and fuel saved will fully meet the requirements of those whose consumption is lower. Only thus can we improve the economic results, since this is an important way for us to attain our goal.

Third, reorganizing the enterprises. An all-round reorganization should be carried on enterprises by groups, in different stages, and in a planned way. An important job in reorganization is to consolidate and improve the system of economic responsibility so that we can improve the enterprises' management under the guidance of state plans and link the economic benefits of the enterprises and their workers and staff members and their economic responsibility with the improvement of economic results. The broad masses of workers and staff members will then have a sense of being masters of the enterprises and produce the best possible economic results in production and business operation.

Fourth, technical transformation of the existing enterprises. We should actively and at the same time in a planned and systematic way transform some existing enterprises with outdated equipment and backward technology. This will create favorable conditions for improving the economic results.

The other jobs, such as further readjusting the economic structure, continuing to restructure the economy actively and steadily, raising the worker's scientific and cultural levels and ideological consciousness are also very important.

The improvement of economic results is an arduous task. However, we can certainly accomplish it as long as we all pool our efforts. Our economic results not only have been good in several periods of the past, but also are still good in some localities and enterprises. For example, Shanghai has fairly good economic results. In 1980, the profits and taxes from every 100 yuan's capital was 74.3 yuan which doubled that of Tianjin and trebled that of Wuhan. In the past several years, Zhejiang Province had also great success. The Shoudu Iron and Steel Company has effectively aroused the enthusiasm of the broad masses of workers and staff members as masters of the plant by combining rights, responsibilities and interests in its system of economic responsibility, and its economic results are very remarkable. Despite its reduced output in 1981, its profits were increased by 9.42 percent over the previous year. The profits handed in to the state also increased by 8.8 percent. Its output value profit rate was increased from 34.3 percent in 1980 to 38.2 percent; its sales profit

rate was increased from 31.1 percent to 33.7 percent; and its capital profit rate was increased from 17.6 percent to 17.86 percent, which are all at a high level in this trade. Some of its technical and economic standards have reached the advanced international levels. We must learn from and catch up with the advanced units, and strive to improve the economic results by working steadfastly. (Shun [5293])

9411

CSO: 4006/606

FINANCE AND BANKING

SAVINGS DEPOSITS INCREASE IN FIRST HALF YEAR

Beijing BEIJING RIBAO in Chinese 24 Jul 82 p 1

[Article by Wang Jiayan [3769 0857 1750]: "Daily Increase by 1.1 Million Yuan in Savings Deposits in the Municipality During First Half Year--People Are Full of Confidence in the State's Political and Economic Situation"]

[Text] In the first half year, savings deposits in our municipality increased by an average of 1.1 million yuan each day. Such an increase rate was unprecedented.

Early this year, some people worried that subscriptions to treasury bonds in the urban and rural areas might affect the savings deposits. But the fact is that although the quota of individual subscriptions to the treasury bond has been overfulfilled by 41 percent, and more than half of the money had been paid by 10 July, savings deposits in the city totaled more than 1,777 million yuan by the end of June, an increase of more than 46 million yuan over the same period last year.

According to an analysis by the relevant department, the sustained increase in savings deposits shows the increase in the number of people getting jobs, the rise in people's income, and the correctness of the state's policy in readjusting the interest rates for savings deposits. Above all, it shows the people's full confidence in the political and economic situation in the country. A few years ago, when consumer goods were scarce, people kept their money and waited for an opportunity to purchase, or to join the rush in purchasing. Now, they can deposit their money and choose what to buy. They understand that along with the progress of the economic readjustment, there will be increased prosperity for the market and that they will have a lot of goods to choose from.

9411

CS0: 4006/615

FINANCE AND BANKING

SYSTEM OF REVENUE SHARING BY CENTRAL, LOCAL GOVERNMENTS DISCUSSED

Beijing CAIZHENG [FINANCE] in Chinese No 7, 5 Jul 82 pp 8-9

[Article by Han Guochun [7281 0948 2504]: "A Brief Introduction to the System of "Apportioning Revenues and Expenses between the Central and Local Authorities, While Holding the Latter Responsible for Their Own Profit and Loss in Financial Management"]

[Text] To implement the policy of "readjustment, restructuring, reorganization and improvement" and to give full play to the initiative of the central and local authorities in meeting the requirements of the four modernizations, the State council decided that beginning 1980, the system of financial management had to be reformed and the system of "apportioning revenues and expenses between the central and local authorities while holding the latter responsible for their own profit and loss" was to be practised in all provinces, municipalities and autonomous regions. The main purpose of this system is to change the former over-rigid system of "all revenues and expenditures being handled by the state in a unified way"; to suit the structure of the state administration and the present conditions of planning, capital construction, material supply and enterprise management; and to bring about a combination of rights, responsibilities and interests" to help give full play to the initiative of the central and local authorities, to accelerate fund accumulation, to handle financial outlays in a rational way, and to increase the pace of the four modernizations.

Since its adoption 2 years ago, the system of "apportioning revenues and expenses between the central and local authorities while holding the latter responsible for their own profit and loss" has adhered to its correct general orientation, and has produced good results in bringing into play the role of the financial management system during the period of national economic readjustment. It has three merits: First, it can arouse the enthusiasm and initiative of the party committees and governments at various levels in financial management and in further strengthening their leadership accordingly. Secondly, the governments at all levels can work out their overall plans for financial receipts and payments in accordance with the characteristics of their own regional economy and the requirements of the national economic readjustment and help promote this readjustment. Thirdly, It helps strengthen financial management and supervision, and brings into play the active functions of finance.

However, in the course of its implementation, some problems have appeared calling for our study and improvement.

First, during the national economic readjustment, some changes have taken place in the economic structure and the relations of distribution as a result of a series of measures for the readjustment. Under these circumstances, the revenues of some localities have increased rapidly, and in other localities the increase has been slow, or there has been no increase at all. In still other localities, the revenues have even declined year after year. Except for the funds to be used on capital construction projects, which have been cut down, the expenses on cultural, educational and public health undertakings and the administrative expenses have not shown any marked reduction. Thus in some localities, the revenues cannot cover the expenditures, resulting in financial deficits. This is one aspect of the situation. In an other aspect, the composition of revenues has been changed in those localities where revenues have declined or have only slowly increased. This change is most prominently shown by the reduction in the fixed revenue portion, while the regulative portion in the form of industrial and commercial taxes has steadily or fairly rapidly increased. Thus those localities with a low proportion of regulative revenues cannot get much real benefits. In some localities, the increase in regulative revenues cannot make up for the decline in fixed revenues. In some other localities, the revenues have been increased, but their shares of revenues are not enough to cover their expenditures. With little standby financial resources and maneuvering room, they have to face financial deficits at the end of the year. To solve their financial problems, the central financial authorities will have to provide funds to cover their deficits, and this will add to the central authorities' difficulties in view of their inadequate financial resources at present.

Secondly, since the adoption of the new system, the state has also adopted some measures--such as price and wage readjustments and providing jobs to some people--as required by the national economic readjustment. Some central authorities have further assigned some tasks to the lower levels thus decreasing the revenue and increasing the expenditures of the localities, thus badly upsetting their overall planning. On the other hand, since the affiliations of the existing enterprises have not been changed, the vast majority of enterprises and public agencies are under the control of the local authorities according to the arrangement in 1971. The revenues of these enterprises and public agencies belong to the localities, while the key expenditures, such as the funds required for national defense and key capital construction projects, and expenses on the reserve of state material supplies, are all included in the central government's financial budget. Thus the central government has to pay more than 50 percent of all national expenses and receives approximately 10 percent of the national revenues, and has to rely on the localities to hand over part of their revenues in order to keep its budget balanced. To solve these problems, some necessary changes have to be made in apportioning revenues and expenses between the central and local authorities.

After certain readjustments and changes in carrying out this system in the past 2 years, the new system of financial control, as shown by the actual conditions in all provinces, municipalities and autonomous regions, is generally carried out in the following ways:

First, the system of "apportioning revenues and expenses between the central and local authorities while holding the latter responsible for their own profit and loss" in its original form is being carried out in Henan, Shanxi, Jilin, Heilongjiang and Jiangxi--altogether five provinces. Here the revenues are still divided into fixed revenues and regulative revenues. If both revenues are increased, their expenditures can be correspondingly increased; if these revenues are decreased, their expenditures have also to be correspondingly curtailed. They have to keep their receipts and payment balanced.

Secondly, since 1982, the system of "sharing total revenues between the central and local authorities and holding the latter responsible for profit and loss" with "apportioning revenues and expenses between the central and local authorities while holding the latter responsible for their own profit and loss" as the base has been carried out in 11 provinces, namely, Hebei, Liaoning, Jiangsu, Zhejiang, Anhui, Shandong, Hubei, Hunan, Sichuan, Shaanxi, and Gansu. Instead of dividing their revenues into fixed and regulative portions as originally arranged, they adjust their expenditures, for which they have to be responsible, according to their total revenues so as to obtain a ratio for sharing their total revenues with the central authorities. This ratio should be adequate for the base figure of their expenditures, and should remain unchanged for 5 years. They made this change mainly because, as pointed out earlier, the state has adopted some measures of readjustment which lead to the decrease of revenues, or the decrease of fixed revenues and the increase of regulative revenues in some localities. Since the ratio for sharing regulative revenues is too low, or the increase of regulative revenues is not enough to compensate the decrease in fixed revenues, the financial receipts and payments of the localities will be adversely affected. Therefore, the system of financial management for these localities was changed into that of "sharing of total revenues," although the essence of "holding the local authorities responsible for their own profit and loss" remains unchanged. It is only a change in the form of "apportioning revenues and expenses between the central and the local authorities, while holding the latter responsible for their own profit and loss."

Thirdly, Nei Monggol, Guangxi Zhuang Autonomous Region, Xizong Autonomous Region, Ningxia Hui Autonomous Region and Xinjiang Uighur Autonomous Region--all five of them--are adopting the nationality autonomous regional system of financial management. Now, Yunnan, Qinghai and Guizhou also have a considerable portion of national minorities in their population. To promote the development of their economy, culture, education and public health, as decided by the State Council, their system of financial management are the same as nationality autonomous regional system. For these eight localities, all the special considerations originally given to nationality autonomous regions in financial matters, such as higher reserve funds, subsidies for nationality regions, nationality standby financial resources, and so forth, will remain unchanged, and all these figures are included in the base figures in the system of responsibility, which is based on the apportioned revenues and expenses according to the method of "apportioning revenues and expenses between the central and local authorities, while holding the latter responsible for profit and loss." Since the economy, culture and education in these localities are not sufficiently developed, the funds required for such development here should

be higher than in elsewhere, and cannot be raised out of their local revenues. Therefore, after apportioning the revenues and expenses between the central and local authorities, the fixed revenues and the regulative revenues obtained from industrial and commercial taxes are entirely retained by these localities. If this is not enough, the central authorities will provide fixed amounts of subsidy, to be progressively increased by 10 percent each year, beginning the first year, out of special considerations for the nationality autonomous regions.

Fourthly, in Guangdong and Fujian, the method of "holding the local authorities responsible for profit and loss after handing in a fixed sum to (or receiving a fixed subsidy from the state" is used. This method is usually called "Da Baogan" ["big all-embracing contract"], which was adopted by the Party Central Committee and the State Council for these two provinces where "special policies and flexible measures" are being carried out. According to the method of apportioning, all local revenues and expenses, aside from certain items to be handed in to, or paid out by, the state, are handled by the localities in a unified way. The amount to be handed in to, or subsidized by, the state is to be based on the determined base figures of revenues and expenses. Other than this sum, the increased revenues every year will not be shared by the state. By this means, provided their economic development and the increase of their revenues are steady, Guangdong and Fujian are having greater financial power and more standby financial resources than other provinces have. Guangdong's revenues greatly exceed its expenses, and in determining the base figures, it is classified as a province "to hand in a fixed sum to the state." Fujian's expenses exceed its revenues, and after determining the base figures, the deficits are covered by the state's "fixed subsidy."

Fifthly, the three large municipalities, namely Beijing, Tianjin and Shanghai, are still using the old method of "fixed revenues and fixed expenses, linking local expenses and revenues, and sharing total revenues between the central and local authorities at a ratio which is determined each year. This is because of the fact that their revenues amount to 25 percent of the total state revenues, but their expenditures amount to only about 6 percent of the total state expenses. In order that the state can more easily pool its financial resources, the system of holding the local authorities responsible for profit and loss is not being adopted in these three municipalities for the time being. The funds required for developing economy, culture, education, public health and urban construction in these municipalities will be allocated by the state, provided this is permitted by the national financial situation.

FINANCE AND BANKING

SHAANXI CONSTRUCTION BANK'S POLICY IN GRANTING LOANS REPORTED

Xian SHAANXI RIBAO in Chinese 31 Jul 82 p 1

[Article by Shaanxi Provincial Construction Bank: "Provincial Construction Bank Bears in Mind 'Three Priorities' in Granting Loans"]

[Text] Since 1980, the Provincial Construction Bank has actively extended special loans and small-scale capital construction loans to support the enterprises in tapping potential and technical transformation so that they can increase their production and income. Up to the first half of this year, the construction banks at all levels in the province has granted small-scale capital construction loans totaling 104,870,000 yuan, to be spent on a total of 268 projects. Of these projects, 125 have been completed and commissioned. The completed projects will help the state increase its output value by 178 million yuan each year.

The loans from the Provincial Construction Bank have been used to support the light and textile industries and to promote the development of local economy. The 268 projects planned for the province include 174 light and textile industrial enterprises, amounting to 65 percent of total number of projects. Of some 100 million yuan of loans, 66,070 yuan, or 63 percent of the total amount, was used on light and textile industrial projects.

In granting loans, the banks always bear in mind the priorities for tapping potential and technical transformation, for producing the commodities now in short supply, and for those projects which require less investment, show quick results and yield more profit. They paid great attention to the work of supporting old plants in tapping potential, and the enterprises in changing to another line of production or in increasing the production of industrial goods for export. In 1980, the construction bank in Hanzhong Prefecture granted a loan of 400,000 yuan helping the Hanzhong Shoe Factory--whose products were already selling well in and out of the province--to further expand its productive capacity. In only a few months, this factory was able to nearly double its output in 1981.

9411

CSO: 4006/614

FINANCE AND BANKING

PROVINCIAL CONFERENCE ON FINANCIAL, ACCOUNTING WORK REPORTED

Nanjing XINHUA RIBAO in Chinese 8 Jul 82 p 1

[Article of Yao Guoguang [1202 0948 0342]: "Strive for the Completion of this Year's Financial Tasks--Leading Comrades of the Provincial Party Committee and Provincial Government Met the Representatives of Enterprises Attending the Conference for Exchanging Experiences in Financial and Accounting Work"]

[Text] The provincial conference for the exchange of experiences in financial and accounting work among the enterprises ended yesterday afternoon after a session of 7 days.

Leading comrades of the provincial party committee and provincial government including Hui Yuyu [1920 3188 1342], Han Peixin [7281 1014 0207], Zhou Yifeng [0719 0001 1496], Gong Weizhen [1362 4850 2823], Wang Bingshi [3076 0393 4258], Jin Xun [6855 6676], Liu Hegeng [0491 0735 6342] and Li Zhizhong [2621 1013 0022] met all the representatives at the meeting. Comrades Hui Yuyu and Han Peixin spoke at the meeting emphasizing that financial and accounting work in the enterprises is an important link in strengthening enterprise management and improving economic results, and is an unshirkable duty for leaders at various levels. They encouraged everyone to act in accordance with the spirit of this conference in order to make new contributions in strengthening the financial and accounting work in the enterprises, in improving economic results, and in increasing revenues. Their speeches gave great inspiration to the participants at the meeting. Many comrades felt that in light of the present situation, the strengthening of financial and accounting work in enterprises is a very urgent task, and that the problems already brought to light should be a good lesson for everyone. They hailed the conference as one of inspiration and encouragement as well as the occasion to determine the orientation and to promote progress.

Vice Governor Wang Bingshi spoke before the conclusion of the proceedings. He first pointed out that the experiences introduced at the meeting represented the main trend in financial and accounting work in the enterprises of the province, and that such experiences should be fully affirmed. He added that these experiences should be a source of encouragement for financial and accounting work among the enterprises.

Speaking of the present conditions of financial and accounting work in the province, he urged all enterprises to comply with the requirements of the "Decisions Concerning the All-Round Reorganization of State-Run Industrial Enterprises," of the Party Central Committee and the State Council to carry out a full evaluation of the way in which the enterprises are implementing the financial and economic system, and to further improve the financial and accounting system in accordance with the different conditions of different enterprises, in the course of improving the system of economic responsibility. He also stressed the need to boldly promote and use a large number of financial cadres who could create a new situation in financial and accounting work.

Vice Governor Wang pointed out the good economic situation in our province in the first half year, as shown by the increased yields of the summer crops, the initial improvement of industrial economic results, and the 51 percent fulfillment of the annual financial plan in the first half year. In the second half year, however, the enterprises will be faced with an all-round shortage in the supply of coal, oil, electricity and transportation facilities, as well as the arduous tasks of procurement of agricultural sideline products, bringing industrial products to the countryside, supplying a market needs, withdrawing currency from circulation and the fulfillment of the revenue plans. He called on the industrial-communications, finance and trade, and agricultural enterprises throughout the province to vigorously develop the "every cent" spirit, and immediately launch a campaign against waste. All enterprises should organize the workers and staff members to restudy Comrade Mao Zedong's theses on the principle of building our country through diligence and frugality, to take stock of the realities in every enterprise, unit, department and work post; to compare themselves with one another; and to make rational suggestions for pooling the floating funds, and tapping latent resources. All enterprises should attach great importance to energy conservation and try every possible way to lower energy consumption by persisting in the saving of every kwh of electricity, every liang of coal, and every drop of oil and water. They should further improve the system of economic responsibility and the financial and accounting systems by strengthening the basic financial and accounting work, and firmly opposing and eliminating within a limited period the improper accounting procedure of "settling accounts" before "auditing." All leading cadres and accounting personnel should firmly uphold the principles and take their work seriously. The administrative expenses should be cut down and the use of funds in production and circulation should be economized. All economic crimes should be combated and all loopholes should be closed. Diligence and frugality should be highly commended and the financial and economic disciplines should be strictly enforced. The experiences of the enterprises and individuals who have given outstanding performances in financial and accounting work, and in combating waste, should be summed up, studies and popularized, and every effort should be made to complete this year's financial tasks.

The conference finally adopted a "proposal to develop the 'every-cent' spirit and to combat waste" to be issued to all workers and staff members of the industrial, communications, capital construction, finance and trade, and agricultural enterprises.

9411
CSO: 4006/605

INDUSTRY

QINGHAI GOVERNMENT CALLS FOR 100 DAYS WORK

SK160510 Xining Qinghai Provincial Service in Mandarin 1100 GMT 15 Sep 82

[Excerpt] The provincial people's government held a mobilization rally on the afternoon of 13 September urging all staff and workers throughout the province to study and implement the guidelines of the 12th Party Congress, and to work energetically for 100 days to overfulfill this year's production tasks in all fields.

Song Lin, deputy governor, gave a mobilization speech at the rally. He said: Since the beginning of this year, our province's production situation on the industrial and communications front has been fine. In the first 8 months of 1982, our province increased its total industrial output value by 14.3 percent as compared with the corresponding 1981 period, fulfilling the annual plan by 73.3 percent. The profits of the province's 254 state-run industrial enterprises increased by 7.51 million yuan. The quality of some major industrial products has been stable. The main problem existing at present is that some leading cadres are waiting for an organizational reform, thus slackening their leadership over production management. Some people are unrealistically optimistic.

Comrade Song Lin pointed out that the convocation of the 12th Party Congress has greatly aroused the enthusiasm of the broad masses of staff members and workers. We must shift this enthusiasm to doing a good job in all work. Comrade Song Lin urged attaching prime importance to improving economic benefits in carrying out our economic work. In launching a campaign on working energetically for 100 days, efforts must be made to solve problems with an emphasis on problems outstanding from the past.

CS0: 4013/3

INDUSTRY

IMPORTANCE OF MARKET DEMAND IN PRODUCTION NOTED

Production, Sales Coordination

Chengdu SICHUAN RIBAO in Chinese 15 Jul 82 p 1

[Article: "Actively Expand Market for Textile Goods, Promote Development of Industrial Production in Textiles; Provincial Level Industrial and Commercial Sections Make Concerted Effort To Coordinate Balance of Production and Sales"]

[Text] This year, focusing on improving economic results, Sichuan's textile industry front has organized textile industry production and comprehensively reorganized firms with some good results. The first 6 months of this year production rose 14.8 percent compared to the same period last year, and commercial purchases of local textile goods have also increased.

However, in this new situation of large increases in the textile industry for several years in succession, some new situations and problems have appeared in market sales, some chemical fibre goods are unmarketable and this has created problems for textile industry production and sales. To resolve this problem in a timely fashion, on the first of July, the provincial textile and second light industry bureau and the commercial office jointly convened an all-province textile goods balance of production and sales conference and pointed out that the new situation and problems which have appeared in textile industry production and sales at present are a temporary phenomenon. There are now many favorable conditions for improving sales. One is that the income of the people in our province this year continues to increase, purchasing power is constantly increasing, the last autumn food crops, rapeseed and other diversified business are all increasing production. From January to May purchases of agricultural products increased 26 percent over the same period last year, in the cities they are finding jobs for large numbers of the unemployed; teachers and medical personnel are having their wages increased so that purchasing power in the city and countryside has increased greatly. Second is that the quality of textile goods has largely improved over last year. In the first 6 months of this year already 350 new products have been added in over 3,000 new colors and styles. Third is that the "Resolution on Opening Trading Channels From City to Countryside, and Expanding the Shipment of Industrial Goods to the Countryside" which was issued by the State Council recently, has created important conditions for change from the past, using the system of the industrial division of labor between country and city as a basis for the commercial division of labor and has opened up a new system between country and city to expand sales.

At present, all the province's textile (and second light industry) and commercial sections at all levels are actively adopting measures to open up new markets for goods. Textile industrial sections and firms have resolved to place the improvement of product quality and increasing the varieties and styles of goods in first place in industrial production, so that products will find suitable markets. Many have also first revised their plans actively to organize increases in textiles and vigorously strive to satisfy market demand for those goods which are in short supply and urgently needed in the market. Commercial sections have also expanded sales, have written essays on "sell" and have made the organization of textile industry goods to the countryside an important economic mission to be undertaken at present and to try to meet the needs of consumers in all ways possible. At the same time, taking advantage of the large increase in purchasing power in the rural areas after the late autumn bumper harvest and the summer harvest, they have made concerted efforts with supply and market co-ops to improve the shipment of industrial goods to the countryside.

Recently, on the basis of changes in the market, provincial level industrial and commercial sections reorganized the link between goods, signed plans for production and purchases for the last 6 months of this year and got the production mission on a solid footing. To strengthen industrial and commercial coordination, industrial and commercial sections are adopting methods of linking market surveys, organization of marketing, management, competition, and doing business to make a new contribution to the expansion of the textile goods market, promoting the development of local goods and increasing revenue.

Marketable, Attractive Goods

Chengdu SICHUAN RIBAO in Chinese 15 Jul 82 p 1

[Article: "Textiles and Light Industrial Goods Should be Marketable and Attractive"]

[Text] Some of Sichuan's textiles and light industrial goods are not selling now and are piling up so that the profits of some firms are diminishing and even going from showing a profit to showing a loss. We must correctly understand this new phenomenon which has appeared in our advance and resolve this new problem as quickly as possible so that textile and light industrial production will move ahead in a more healthy fashion and meet the need for consumer goods of the province's urban and rural people.

Is the fact that some textiles and light industrial goods are not selling and are piling up because textile and light industrial production is excessive and doesn't need to be developed? It should be noted that Sichuan is a province with a population of nearly 100 million. Textiles and light industry were backward for a long time and although in the past few years there have been successive large increases, the level of consumption of urban and rural people is still lower than that of many fraternal provinces and cities and that many important goods are brought in from other provinces to supply the market. So generally speaking, textile and light industrial goods are not tooo numerous, but too few. It should also be noted that textiles and light industry are characterized by low energy consumption, small shipping capacity requirements,

but considerable raw materials and accumulation. The taxes and profits turned over to the state by Sichuan's light industry, textiles, and second light industry system makes up more than half the province's revenue and has a decisive influence on the province's economy. Apart from such factors as undeveloped sales channels, some goods are not selling and are piling up now mainly because they are not marketable and are unattractive. In particular, some goods are of low quality but are highly priced, they are unattractive to the consumer and are not competitive in domestic and foreign markets. Thus, for us to resolve the problem that some goods are not selling and are piling up, we cannot just adopt methods to generally restrict production, but should actively adopt measures to devote some effort to making goods marketable and attractive so that the province's textiles and light industry will have rapid development of good economic results which are firmly grounded and suited to the market.

To make goods marketable and attractive requires doing a good job of market research and forecasting, doing a good job of overall balance, and organizing production in accord with the needs of society. Marxist theory on social reproduction tells us that the process of social reproduction is the unity of production and consumption. In socialist society the domestic consumption of the individual is not only an important condition for social reproduction to advance smoothly, but also is the fundamental aim of social reproduction. Leadership comrades of firms and economic work sections at all levels should have a definite change in their guiding ideology and shift from purely stressing production to stressing both production and management. If we stress only production and do not concern ourselves with management, do not understand the shift in demand of people in city and countryside and production and consumption become disjointed, then social reproduction will encounter serious obstacles and may deviate from its fundamental aim. Some goods, such as chemical fiber fabrics, are now in oversupply, supply has exceeded demand so we cannot go on blindly overproducing according to the state production plan, nor can we go on doing stupid things like "industry reports are good, commerce reports are excellent, the warehouses are full, but there's no money coming in." The production, technical and managerial level of goods which urban and rural people need in great quantity, particularly high quality, name-brand goods, should be raised through readjustment, reorganization, alliance and technical reform and production should be increased, guaranteeing quality, in an effort to satisfy market demand. Some minor, small profit domestic necessities of urban and rural people should also be actively organized for small profit and quick turnover. In expanding textiles and light industry, i.e., in expanding production of goods now lacking in the market, it is necessary to pay attention to correcting tendencies toward reckless construction of dry goods stores and duplication, strengthen planning guidance and overcome this recklessness.

To be marketable and attractive it is necessary to devote energy to improving quality, increasing variety and lowering costs. To be marketable means to suit the needs of urban and rural people in terms of quality and to suit the level of society's purchasing power in terms of price; to be attractive means the varieties should be what people need. In the past few years, textiles and light industry nationwide have developed extensively and numerous supplies of goods have come into Sichuan from outside the province. In the past things have been in short supply and the consumers with money fought to buy them. Now

things are more plentiful and consumers with money or savings are waiting to buy. Purchasing selectivity is strong, and the demand for good quality and variety is high. Why is it that some goods from outside the province are in short supply in our markets yet similar goods produced in Sichuan are unmarketable and piling up? This fully reveals the low quality and high price of our goods and the weakness of their ability to compete. If we don't hurry to catch up and change this backward situation as quickly as possible, production of some of our goods and light industrial firms will be in even greater trouble and will be eliminated in competition. Thus, reorganizing textile and light industrial firms should certainly revolve around improving economic results, particularly improving product quality, increasing variety and lowering costs. If these targets are not achieved, then it cannot be said that the reorganization was done well. As concerns some goods of low quality and firms with severe losses, they should be changed within a fixed period of time and if at the end of that time they are still the same, then the decision must be made to limit or stop production and reorganize.

For goods to be marketable and attractive, particular attention should be paid to suiting the needs of the broad rural areas. With the year after year of bumper harvests and the constant increase of purchasing power in the rural areas, the capacity of the rural market is getting larger. What should be noted is that some textile and light industry firms have overlooked the broad rural market and the variety of some goods is not suited to the needs of rural areas. Some goods are not marketable in the cities but are sold out in the rural areas, and this situation must be changed as quickly as possible. Economic work sections at all levels should stress actively increasing production of consumer goods which are marketable in rural areas, further opening channels for goods between city and countryside, and organizing shipment of industrial goods to the countryside. Doing this work well will greatly benefit the development of industrial and agricultural production and benefit the withdrawal of currency from circulation and the completion of the revenue plan.

8226

CSO: 4006/583

INDUSTRY

HEILONGJIANG GOVERNOR VISITS BEARING PLANT

SK220550 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 21 Sep 82

[Text] On the afternoon of 20 September, Chen Lei, member of the CPC Central Committee, secretary of the Provincial CPC Committee and governor, went to Harbin bearing plant, which is one of the first group of pilot enterprises scheduled for consolidation, to publicize the guidelines of the 12th CPC Congress to the party members and cadres who were attending the plant's 10th CPC Congress, and to set some demands for enterprise consolidation.

Comrade Chen Lei said that the important documents approved at the 12th CPC Congress are militant guiding principles for creating a new situation in all fields of our socialist modernization. He urged Harbin bearing plant to reexamine its previous work for enterprise consolidation in line with the guidelines of the congress, revise the requirements for consolidation and replenish the contents of the consolidation. He called for particular efforts in consolidating party organizations and leading bodies, intensifying the education of staff members and workers in communist ideas and strengthening the building of the socialist spiritual civilization. He urged efforts to organize the masses of cadres and workers to conscientiously map out, in accordance with the guidelines of the congress, plans with great targets and effective measures for the three-fold increase, implement them in a down-to-earth manner, continue to promote enterprise consolidation and make new achievements and contributions.

CSO: 4013/3

INDUSTRY

BRIEFS

SHANGHAI STEEL PRODUCTION--Shanghai, 23 Sep (XINHUA)--The metallurgical departments of Shanghai Municipality, China's number two city in steel output, produced more than 4.88 tons of steel last year and approximately 50 percent of the total were products made under the direction of young furnace foremen. This was what a XINHUA correspondent learned recently from the Shanghai Municipal Metallurgical Industry Bureau. Shanghai's iron and steel enterprises have 29 converter, open-hearth and electric furnace foremen, of whom 119 are from 26 to 30 years old. Most of these young foremen have a middle school education and are competent organizers, and quite a number of them have completed steel-making speciality courses in technical schools. Chen Yuhu, a young furnace foreman of the Shanghai No 5 steel plant, has led his steelmaking team in producing quality steel for 47 consecutive months. He has summarized his advanced operational experiences in technical papers and popularized them throughout the plant's 34 steelmaking teams. Many young furnace foremen have been called "steelmaking experts" because of their expertise. Since 1980, over 99.4 percent of the steel produced by Shanghai's steel industry have been rated as up to standards, thanks to the hard work of those young furnace chiefs. [Text] [OW230540 Beijing XINHUA Domestic Service in Chinese 0105 GMT 23 Sep 82]

SICHUAN TEXTILE INDUSTRY--The textile industrial output value in Sichuan Province from 1979 to 1981 increased by an average of 20 percent annually and the profits submitted to the state increased by an average of some 30 percent annually. Two textile products in the province have won national famous brand prizes for superior quality, 52 products have won the title of famous brand products and excellent products from the Ministry of Textile Industry and 28 products have been assessed as provincial products of superior quality. At present, some 200,000 workers in the textile industrial front throughout the province are confidently speeding up textile industrial modernization. [HK291414 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 29 Sep 82]

CSO: 4013/4

CONSTRUCTION

ENGINEERING ASPECTS OF COAL EXTRACTION BENEATH VILLAGES DISCUSSED

Beijing MEITAN KEXUE JISHU [COAL SCIENCE AND TECHNOLOGY] in Chinese No 2,
Feb 82 pp 8-14

[Article by Engineer Jiao Chuanwu [3542 0278 2976], Beijing Extraction Research Office, Institute of Coal Science: "The Possibility of Extracting Coal Beneath Villages in China"]

[Text] According to incomplete statistics for 13 of the main coal-producing provinces, the amount of coal beneath villages in our country is 14.5 billion tons, about 45 percent of the total amount of coal beneath buildings. Between the end of 1973 and the beginning of 1978, about 34 million tons of coal was extracted from underneath villages. This makes it clear that as part of liberating the "three types" of entrapped coal, and in connection with the development of production techniques which will increase resource recovery rates, the question of how to liberate the coal buried beneath villages must not be ignored.

As our country's technology for coal extraction beneath villages has improved, and many classic cases of the extraction of coal from beneath villages without relocation have emerged, the data regarding deformation resistance and failure modes of different types of house structures and the technical and economic results obtained with different extraction methods have become even more valuable.

Using our considerable experience with coal extraction beneath villages in many mining districts of this country to distinguish different house construction types and different extraction conditions and procedures, to generalize, and to make a continual search for new possibilities in coal extraction from under these villages, is of great practical importance for the future development of the "three types of coal."

I. Characteristics and Structural Types of Dwellings in This Country's Villages

Rural buildings are primarily residential, generally with a size of three to five rooms, so that the surface area of each house is relatively small; most houses are single-storied; most are built in natural village clusters of high density and have various types of outbuildings; and they are constructed from local materials, so that materials and construction vary from place to place.

Much experience in this country and abroad indicates that the length of the building is closely related to its ability to withstand the effects of coal extraction operations. For example, for a house of mixed construction with a strip-type foundation, the maximum added bending moment M_{\max} and shear force Q_{\max} in a vertical section of the house as a result of bending of the ground surface with the foundation in contact with the soil along its full length are:

$$M_{\max} = K_1 c \cdot q \cdot L^4 / \sigma R \quad (1)$$

$$Q_{\max} = K_2 c \cdot q \cdot L^3 / \sigma R \quad (2)$$

where K_1 and K_2 are constants governed by the areas of the bottoms of the wall footings, longitudinal and transverse respectively; c is the foundation soil coefficient; q is the load per unit length of foundation soil; σ is the permissible stress on the foundation soil; R is the radius of curvature of the ground surface bending; and L is the length of the building foundation.

It is clear that the internal load on a dwelling during extraction operations increases extremely rapidly with the length of the building. Since most village buildings are not very long and the loads on the foundation soil are not very great, as a rule the added internal forces are small. Accordingly, only a small number of poor-quality houses in poor repair, located in areas where deformation values are large, are in danger; this has been confirmed by many years' experience. House construction types in the countryside in this country are surveyed in Table 1.

Table 1. Rural House Construction Types

Construction type	Foundation	Walls	Roofing
Mixed wood and brick	Laid stone	Brick load-bearing	Wood framing, tiled*
Mixed brick and stone	Laid stone	Brick load-bearing pillars, adobe walls	Wood framing, tiled*
Laid stone load-bearing structure	Laid stone	Stone load-bearing walls	Wood framing, tiled*
Rammed earth, adobe	Furnace slag, laid stone	Rammed earth or adobe	Green tile peaked roofs or flat coking residue roofs
Wood (bamboo) frame structure	Laid stone	Double or multiple (3-7) pillar load-bearing structure with earth walls	Green tile peaked roof, thatched roof; wood, bamboo roof framing
Brick cave	Laid stone	Brick walls	Brick arch
Earth cave**	Earth	Earth	Earth

*Or, flat coke-dross roof

**Single or multiple caves

Table 2. Damage Resulting From Coal Extraction Beneath Villages and Civilian Dwellings

11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
13	45° 农村住房	8×4×4米。平房。神像内天一星之北。质量较差	12°	135	5	27	走向长壁 倾斜分量大 冒顶 25	最大变形区	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
14	45° 农村住房	8×7.5×4米。神像内天一星之北。室内有6根木支柱。质量良好。使用已200多年	12°	135	5	27	走向长壁 倾斜分量大 冒顶 30	下伏盆地中心区	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
15	45° 农村住房	神像、片石基座、木屋架。瓦屋长：10~20米 宽：4~6米 高：2.5~4米	0°~12°	224	大洞：2.4 二洞：2.0 冒顶：1.4	93 112 160	走向长壁 倾斜分量大 冒顶 35	下伏盆地中心区	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
16	45° 农村住房	神像、片石基座、木屋架。瓦屋长：10~20米 宽：4~6米 高：2.5~4米	15°	124	5	24.8	走向长壁 倾斜分量大 冒顶 41	边界上方	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
17	45° 农村住房	神像、片石基座、木屋架。瓦屋长：10~20米 宽：4~6米 高：2.5~4米	11°~18°	大洞：128 冒顶：1.4	2.8 120	48	走向长壁 倾斜分量大 冒顶 48	位于景区内	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
18	45° 农村住房	神像、片石基座、木屋架。瓦屋长：10~20米 宽：4~6米 高：2.5~4米	38°	238	20	20.5	11.8	水砂充填																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											

Key to Table 2.

1. Name of office or mine
2. Surface deformation
3. (mm/meter)
4. $K (10^{-3}/\text{meter})$
5. Name of building
6. Structural characteristics of building
7. Inclination of coal seam
8. Average extraction depth H_0 (meters)
9. Extraction thickness (meters)
10. Extraction method
11. Location of dwelling
12. Damage to dwelling
13. Fengfeng Office
14. Fouxin Office
15. Jiaozuo Office
16. Tongchuan Office
17. Hebi Mine No 6
18. Wangcun Mine
19. Meitian Mine
20. Fengcheng Office
21. Yangchang Mine, Yunnan
22. Tianba Mine, Yunnan
23. Village dwelling No 45
24. 8x4 meters; flat roof, earth-filled brick walls, rather poor quality
25. Running longwall, slanting, layer-by-layer, large area cave-in
26. Area of maximum tension
27. Serious damage even after top layer extracted. Many cracks near windows and doors. Cracks as wide as 90 mm after bottom layer extracted, roof collapsed in rainy season, unrepairable.
28. Rural dwelling
29. 8 x 7.5 x 4m; brick walls with adobe interior, 6 wooden pillars inside house, good quality, in use more than 200 years.
30. Running longwall, slanting, layer-by-layer, large-area cave-in
31. Central part of subsidence area.
32. Cracks 2-3mm wide on walls, closed after work face advanced. Cracks and fall of bricks above window in west wall, floor cracks 50mm wide, medium damage, livable following repair
33. One-story mixed brick and wood structures (20)
34. Brick walls, laid stone foundation, wooden room framing, tile roofing. Length 10-30m, width 4-6m, height 3.5-4m.
35. Dami, 2.5m; ermei, 2.0m; yeqing, 1.4m.
36. Running longwall, slanting layer-by-layer, large-area cave-in
37. Central part of subsidence area
38. Cracks through doors and windows, some with pronounced slant, most closed after operations ended. Insignificant structural damage, suitable for normal use following minor repairs.
39. Citizen's house in Niuerzhuang.
40. Laid stone foundation, brick and adobe wall, mortar and cinder pounded roof.
41. Running longwall, slanting, layer-by-layer, large-area cave-in.
42. Above edge of extraction area
43. 100mm ground cracks, 20-50mm cracks on walls, some collapse, serious damage.
44. Ningquan rural houses
45. Laid stone foundation and walls, flat mortar and cinder roof.
46. Dami, 1.2m; yeqing, 1.6m.
47. Dami, 2.5m; yeqing 1.4m.
48. Running longwall, slanting, layer-by-layer, large-area cave-in
49. In extraction area
50. After much extraction, 40mm cracks appeared above doors; moderate damage, normally usable following repairs.
51. Gaode Mine citizen's house
52. Rammed earth, flat roof
53. Hydraulic-sand-fill
54. 40 percent with cracks 10-100mm wide, unusable; 23 percent with cracks 10-30mm wide, usable after moderate repair, 37 percent remained in good condition
55. Southern experimental house; northern experimental house
56. 10x5x3 meters, flat stone foundation, 500mm thick rammed earth walls, wood room framing, tile roof; 10x5x3m, brick foundation, 500mm thick rammed earth walls, coking dross flat roof.
57. Running longwall, large-area cave-in
58. Above center of main work face
59. Cracks appeared primarily in plinth below windows and on walls, vertical, broadening out into V shape after door or window, beam supports showed vertical cracking, 10mm wide at plinth and corners, 7-15mm wide in wall at doorway, 5-15 mm wide at wall below beams.
60. Brick caves, earth caves
61. 15 brick caves, remainder were single and multiple earth caves (206), depth 7-15m
62. Running longwall, large-area cave-in
63. No damage to brick caves; 68 percent of caves less than 7m long, with roof thickness to cave height ratio greater than 2, and with pit width greater than cave width were undamaged; 30 percent of caves not in these categories were undamaged. Damage consisted of cracks in the roofs and collapse of inner sections of caves.
64. Commune member dwelling in Xiaozhuangcun
65. Single-story brick and wood buildings, earth walls, flat roofs roofed with coking residue.
66. Running longwall, large-area cave-in
67. Center of subsidence basin
68. Maximum subsidence 2.7m, slight cracking in houses, damage light.
69. Commune member dwellings in Xiwangfengzun.
70. Running longwall, large-area cave-in
71. Center of subsidence basin
72. Surface subsidence 1.2m, cracks 10-20mm wide in walls, damage light
73. Tuo [tractor shed] 1, Tuo 2, red brick house
74. Running longwall, large-area cave-in
75. Center of subsidence basin
76. 1mm wide cracks in back wall, no other damage.
77. Rongfangcun
78. All seams extracted simultaneously
79. Negligible damage
80. Commune members' houses, Xuejiacun
81. 5 pillar wood frame house, wood floor slabs, tile roof, earth surrounding wall, 8 buildings. Area, 1616 square meters, length 12.4-33.3m, breadth 6.1-10m, height 3.5m.
82. Running longwall, large-area cave-in
83. Most in center of subsidence basin
84. Slight tilting of framing, roof beams sprung up 20-25mm, some bending or breakage of floor joists, cracks or slight outward tilting of earth walls, negligible damage to houses, normally usable
85. No 34 "smooth-faced house"
86. 13.3x6.8x5m, wood framing, 4 rows of 3 pillars, rammed earth outer wall, roofs with small green tiles.
87. Running longwall large-area cave-in
88. Center of subsidence basin

[key continued]

II. Failure Characteristics and Critical Deformation Values for Houses Under the Influence of Extraction Operations

[continuation of Table 2 Key]

89. Cracks at corners of earthen walls slightly widened, slight tilting of walls, cracking within house ahead of work face, which closed after operations had moved on and area was stabilized; damage slight
90. No 15 commune member's dwelling
91. 16.1x6.9x4.9m, framing with 4 rows of 5 pillars, rammed earth outer wall, roof with small green tiles
92. Running longwall, large-area cave-in
93. Cracks 10-40mm wide in rear wall (wider at top), considerable tilting of gable, crack width 45mm, some twisting and cracking at heads of pillars, deformation of doorway, several small cracks in floor. Some skewing of framing, 6-34mm/m of length, moderate damage.
94. No 25 commune member's residence.
95. 21.6x9x5m; framing with 6 rows of 7 pillars, rammed earth outer wall, roof with small green tile.
96. Running longwall, large-area cave-in
97. Because it was located across stepwise cracks from raising of ground surface, the outer wall was cracked, the front wall was first under tension then under compression, one section buckled and collapsed, the tops and bases of some pillars were pulled from position or cracked, the framing was tilted, doors and windows were distorted, some corners came loose, there were small cracks in the floor; damage rather severe.

Table 2 presents the failure characteristics of rural houses in several mining districts under the influence of coal extraction operations.

It is suggested that damage levels for one- and two-story houses with laid stone foundations, brick-load-bearing walls, wooden roof framing, and wooden roofing, of the mixed brick and wood structural type less than 20 meters long be classified according to the data from Table 3.

Experience indicates that when houses are reinforced before coal extraction in a manner suggested by the requisite calculations, the degree of damage following extraction will be one to two levels lower than that shown in the table.

In the case of longer houses, the effect of house length and the rate of ground curvature cannot be neglected. Accordingly, the Fengfeng Mining District has tested the use of the total deformation index $\Delta l = \sqrt{e^2 + (H/R)^2}$ to estimate the degree of building damage (Table 4); in the formula, H is the height of the building.

Single-story rammed earth houses are built of a low-strength material, and their resistance to deformation is also weak; and it is suggested that ground surface deformation values and building damage levels for them be distinguished in accordance with Table 5. In the case of houses with laid stone load-bearing walls, the deformation resistance is similar to that for rammed earth houses.

Table 3. Degrees of Ground Deformation and Levels of Damage to Mixed Brick-Wood Structures

建筑 物 1	地 表 变 形 值 2			建 筑 物 破 坏 特 征 6	修 缮 程 度 7
	墙 3 斜 (毫米/米)	曲 4 率 (10 ⁻³ /米)	水平变形 5 (毫米/米)		
一	< 3	< 0.2	< 2	8 墙上仅有少量的裂缝, 缝宽小于 5 毫米	不修 12
二	3~6	0.2~0.4	2~4	9 墙上裂缝宽的 5~10 毫米, 门窗略有歪斜, 墙皮脱落, 梁支承处略有抽动	小修 13
三	6~10	0.4~0.6	4~6	10 墙上裂缝宽为 10~30 毫米, 门窗严重歪斜, 墙倾斜, 梁头抽动, 室内地坪开裂或鼓起	中修 14
四	> 10	0.6~0.8	> 6	11 墙上裂缝宽达 30 毫米以上, 有竖缝、水平缝、斜裂缝, 墙严重歪斜, 或内凹外凸, 或局部挤碎, 梁头抽动严重, 屋面鼓起	大修 15

Key:

1. Structure
2. Surface deformation value
3. Tilt (mm/m)
4. Curvature (10⁻³/m)
5. Horizontal deformation (mm/m)
6. Building damage characteristics
7. Degree of repairs needed
8. Only slight cracking in walls, cracks less than 5mm wide
9. Cracks on walls 5-10mm wide, slight deformation of doorways and windows, some wall facing fallen off, some beam supports slightly sprung
10. Cracks in walls 10-30mm wide, severe deformation of doorways and windows, tilting of walls, springing of roof beam ends, cracking or bulging of room floors
11. Cracks in walls wider than 30mm vertical, horizontal and slanting cracks. Walls severely deformed or bulging outward or inward or partially destroyed, roof beams severely sprung, bulging of roof
12. No repairs needed
13. Slight repairs needed
14. Moderate repairs needed
15. Major repairs needed

Table 4. Classification of Degree of Damage to House in Terms of Overall Deformation Indices

Degree of damage to house	Minor	Moderate	Serious
Total deformation indicator Δl	< 150	150-250	> 250

Table 5. Relation of Degree of Structural Damage in Single-Story Rammed Earth Houses to Surface Deformation

建筑物 破坏 等级	地 表 变 形 值 2			建 筑 物 破 坏 特 征 6	修 缮 程 度 7
	倾 3 斜 (毫米/米)	曲 4 率 (10^{-3} /米)	水平变形 5 (毫米/米)		
一	< 1	< 0.05	< 1	8 基础及勒脚出现细微裂缝, 缝宽 1 毫米左右	不修 12
二	1~2	0.05~0.1	1~1.5	9 勒角处裂缝增大, 并扩展到窗台下, 梁下支承处两侧墙壁开始出现裂缝	小修 13
三	2~7	0.1~0.3	1.5~3	10 窗台下裂缝扩展到门窗洞上角, 梁下墙壁裂缝继续扩展	中修 14
四	7~11	0.3~0.5	3~4	11 裂缝扩展到檐口下, 缝宽 20 毫米以上, 房屋呈菱形, 墙角裂开	大修 15

Key:

1. Damage level
2. Surface deformation values
3. Tilting (mm/m)
4. Curvature (10^{-3} /m)
5. Surface deformation (mm/m)
6. Characteristics of damage to building
7. Degree of repair needed
8. Slight cracking of foundation and footings, breadth about 1 mm
9. Rather large cracks in footings, extending to window sills, cracks begin to appear in walls to both sides of beam support locations.
10. Cracks below window sills extending to upper corners of window openings, cracks in walls below beams continue to extend
11. Cracks extend to below eaves, width 20mm or more, house begins to take on rhomboidal shape, cracking in corners
12. No repair
13. Minor repair
14. Moderate repair
15. Major repair

Table 6. Damage to Caves From Extraction Operations

1 深厚比	窑洞 2		严重破坏 3		一般破坏 4		完 好 5	
	孔数	孔数 6	%	孔数 6	%	孔数 6	%	
220	70	0	0	0	0	70	100.0	
100	66	9	13.6	26	39.4	31	47.0	
160~180	265	102	38.5	127	47.9	36	13.6	

Key:

1. Depth-to-thickness ratio
2. Number of caves
3. Serious damage
4. Moderate damage
5. Undamaged
6. Number of caves

The statistics in Table 6 indicate that when the depth-to-thickness ratio is greater than 220, cave dwellings suffer no damage.

Multipillar-type wood frame structures have a deformation resistance greater than that of the structures described above; the standards for distinguishing levels in this case are given in Table 7.

Table 7. Ground Deformation Values and Building Damage Levels for Multipillar Wood Frame Buildings

1 建筑物 破坏等级	2 地表变形值			5	6 建筑物破坏特征	7 修缮程度
	3 斜 倾 (毫米/米)	4 率 曲 (10^{-3} /米)	水平变形 (毫米/米)			
一	<20	± 1.5	+5 -6	8	土墙裂缝宽小于20毫米,地坪裂缝 $\Delta l < 40$ 毫米,落差 $\Delta h < 25$ 毫米,梁头抽动小于5毫米,房屋正常使用	不修 12
二	20~44	$\pm 1.5 \sim \pm 7$	+5~+9 -6~-11	9	墙裂缝宽20~70毫米,地坪裂缝 $\Delta h < 100$ 毫米,梁头抽动小于20毫米,门窗歪斜不大,照常使用	小修 13
三	44~55	$\pm 7 \sim \pm 10$	+9~+13 -11~-18	10	墙裂缝宽70~100毫米,错动20~30毫米,地坪裂缝落差100~200毫米,梁头局部拉脱或断裂,柱榫口个别劈裂,门窗歪斜,房屋可使用	小修 14
四	>55	± 10 以上	+13以上 -18以上	11	墙裂缝宽大于100毫米,错动大于30毫米,地坪裂缝落差 $\Delta h > 200$ 毫米,梁头拉脱,榫口劈裂,门窗关闭困难,房屋损坏较严重,开采期间采取临时支撑,可维持使用	中修或局部拆修 15

Key:

1. Damage level
2. Surface
3. Inclination (mm/m)
4. Curvature (10^{-3} /m)
5. Horizontal deformation (mm/m)
6. Characteristics of damage to building
7. Degree of repair
8. Cracks in walls narrower than 20mm, floor crack $\Delta l < 40$ mm, height difference $\Delta h < 25$ mm, spring of beams less than 5mm, building normally usable
9. Wall cracks 20-70mm, floor crack $\Delta h < 100$ mm, beam springing less than 20mm, minor distortion of windows and doorways, house normally usable
10. Wall cracks 70-100mm wide, lateral displacement 20-30mm, floor cracking height difference 100-200mm, beams partially culled from supports or broken, some shearing of pillar mortises, windows and doorways deformed, house still usable.
11. Wall cracks wider than 100cm, lateral displacement greater than 30cm, floor crack height difference $\Delta h > 200$ cm, beams pulled loose, mortises sheared, doors and windows difficult to close, rather serious damage to house, use of temporary supports during extraction operations can maintain usability.
12. No repair
13. Minor repair
14. Minor repair
15. Moderate repair or partial tearing down and reconstruction

The effect of faults is an important factor which should not be ignored in coal extraction beneath villages. Experience shows that extraction operations may cause the rock body to slip along the fault plane, so that dwellings built where the fault reaches the surface may show strip deformation, accompanied by stepwise changes of level. In these cases the degree of damage is much more serious than in the case of normal surface displacements, while the damage suffered by houses not located where the fault reaches the surface is much less, so that the latter areas are relatively safe. In addition, old pits left over from shallow pit extraction may, because of mobilization following extraction, cause serious damage to dwellings at the surface.

III. Measurement and Analysis of Additional Forces Exerted on Houses as a Result of Extractive Operations

In order to obtain numerical values for the forces applied to houses during extraction operations and to determine the way in which they change, we installed strain gauges or compression boxes on the foundation beam reinforcements and upper steel stress members of mixed brick and wood houses with strip foundations and in the external reinforcements of wood frame structures and the lower ends of wood pillars. Measurement and analysis of the results allowed us to identify the following patterns.

A. In seam-by-seam extraction of thick coal seams, after every subseam is extracted the stress change curves for the reinforcements all showed a clear peak, which appeared when the surface displacements resulting from subseam extraction were stabilizing. Thereafter, the stress value began to decrease until the result of extraction of the next subseam began to make it self felt, when the stress began to rise again. In other words, when the rate of surface subsidence is at a maximum, and at this point the house is not in the most dangerous state. On the contrary, it is when the surface displacements are beginning to stabilize that the house is in the maximum stress state. Accordingly, during subseam-by-subseam and multiple-seam extraction of coal strata, the degree of damage cannot simply be determined from the surface horizontal deformation but must be measured after the surface deformation has been relaxed.

B. Most strip-type house foundations are in a two-dimensional or even three-dimensional state. For example, the foundation enclosing beams of the Hecun railway station building in Fengfeng showed not only an axial force but also forces in the vertical and horizontal planes as a result of mining operations. The maximum bulge in the horizontal plane was more than 100mm, which manifested itself in a considerable difference between the stress values in the inner and outer reinforced concrete. In order to increase the flexure resistance of the foundation in the horizontal plane, transverse steel tie rods were set in the foundation. The additional stress values measured in these tie rods were very high, which made possible a sharp decrease in the bending of the foundation, thus protecting it and saving reinforcing material.

C. Changes in the reaction forces of beam supports in multipillar frame houses following extraction operations are shown in Table 8.

Table 8. Changes in Reaction Force of Lower Beam Supports

1 号	2 柱 号				
	1	2	3	4	5
I	62/303	-167/587	60/655	26/379	96/354
II	-171/691	—	-119/724	—	-28/653
III	99/776	—	-116/1571	—	81/954
IV	-61/371	319/471	-87/347	—	108/722

Key: 1. Frame number

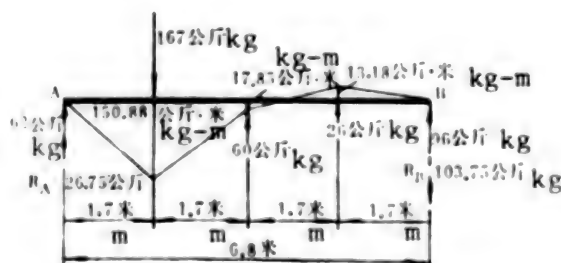
2. Beam number

Note: In the table the numerator gives the decrease in reaction force following extraction operations and the denominator gives the initial reaction force

1. The average supporting force of the pillars in three buildings in Ying-shangcun at the Tianba coal mine was 700 kg before operations and the maximum force was less than 3 tons. The average pillar diameter was 18cm, so that the maximum permissible load could be as high as 11 tons. Accordingly, we find that the load safety factor for supporting pillars in multipillar rural frame-type structures is large. Following mining operations, the maximum increase in supporting force was 351 kg and the maximum decrease was 502 kg, which presented no great threat to the strength of the buildings.

2. The load applied at the end of the pillars was constant as the ground surface stabilized itself. This applied force resulted primarily from unequal settling of the pillars as a result of curvature of the ground surface, and the force on the foundation soil was rather small, so that after the ground surface had stabilized the redistribution of stress on the foundation soil was rather complete.

3. It is clear from Table 8 that the added force on the pillars could not be kept uniform for every frame section; there was a transition from an initial horizontal force system to a spatial equilibrium system. The figure below shows the forces applied to the beams in frame section 1.



Force and bending moments applied to beams in frame section.

Because the total of the added forces applied to the pillar ends is not equal to zero, the longitudinal beam and support system imparts shear forces R_A and R_B to the beams, and we can work out a bending moment pattern for the beams,

in which the maximum bending moment $M_{\max} = 150.88 \text{ kg-m}$. The beam cross section is $5 \times 15 \text{ cm}$, so that the maximum normal stress is 80.5 kg/cm^2 , indicating that the full load-bearing capacity of the beams is not utilized.

Thus in view of the characteristics of rural wood frame houses, we should start by concentrating on extraction operations without relocation.

IV. Extraction Techniques and Simple House Reinforcement

Ground surface displacement and the magnitude of deformation are directly proportional to the subsidence coefficient. Accordingly, the Fuxin, Jiaohe, Jiaozuo, Liaoyuan, and Hebi mining districts have used such methods as the hydraulic-sand-fill, pneumatic-fill and caving zone techniques for coal extraction, which have provided valuable experience and technical data regarding the safety of villages, towns, civilian buildings and rice paddies during coal mining operations. Because many rural buildings have a relatively low ability to withstand deformation, and because the houses are densely clustered, and in particular because the property rights frequently belong to individuals, when relocation is impossible or is impracticable for technical reasons, it is necessary to use particular coal extraction techniques selected in accordance with specific conditions (e.g., hydraulic filling with river sand, mountain sand, gangue, power plant cinders and the like, or strip extraction and the like); these techniques have produced excellent results in terms of increased resource recovery rates, decreased taking of agricultural land, and good industrial-agricultural relations.

In order to decrease the dangers to built-up areas at the edges of extraction areas, and to find the laws under which, under ordinary conditions, dynamic surface deformation values are all less than static deformation values, our country has begun to use the full support system in simultaneous multiface extraction. This method has been used for coal extraction below Rongfangcun, Fengcheng Mining Office, with the result that most of the houses are located in the central area of a surface subsidence basin. When the houses come within an area which is higher than the bottom of the subsidence basin following complete extraction, because the final surface deformation value in the area is zero, the amount of damage suffered by the houses is very slight. But when extraction is at a very shallow level and the strata are weak, the ground surface ahead of the working face may show cracking zones perpendicular to the direction of advance; the cracks not only are broad, but are accompanied by rather large stepwise slumping which produces major damage to buildings. Under these conditions, even if the full-support method is used, it is still difficult to assure the safety of buildings.

In order to assure building safety during extraction operations, simple preliminary reinforcement is carried out on poor-quality houses where ground surface deformation is large. Practice indicates that adding deformation gaps to excessively long buildings, adding additional pillars to support house framing or to decrease beam spacing, adding stone or brick buttresses to the outsides of load-bearing walls or putting in slant braces, adding ladder-shape or polygonal wood frames in earth caves, digging compensating trenches to take up surface compression deformation or for drainage, adding tie rods to wood

frame buildings to prevent joints from coming apart, partially dismantling rammed earth wall sections and replacing them with panels and the like are simple and effective measures that can be used.

To summarize, we arrive at the following conclusions.

1. The relocation method for coal mining under villages and civilian buildings is neither rational nor feasible under all conditions. As the examples given in Table 9 indicate, under certain conditions, safe coal extraction without relocation is technically feasible and economically effective.

Table 9. Economic Indicators for Approaches to Coal Extraction Under Villages and Civilian Dwellings

名 称	1 面积 (m ²)	2 全迁 费用 (元)	3 加固或 维修及 赔偿费 (元)	4 吨煤成 本增加 费用 (元/吨)	5 花费费 用占房 屋造价 的百分 比(%)	6
7 云南羊场矿老薛家村	1616	36000	—	—	100.0	
8 云南羊场矿新薛家村	33590	—	13200	0.20	16.5	
9 鹤壁二矿公用房屋	2753	—	18000	0.035	16.5	
10 峰峰五矿公用房屋	2636	—	26647	—	15.1	
11 铜川局土窑洞	206孔 窑洞	—	15450	—	70.0	

Key:

1. Name
2. Building area (m²)
3. Total relocation expenditure (yuan)
4. Reinforcement or repair and compensation expenditures (yuan)
5. Increase in production cost per ton of coal (yuan/ton)
6. Expense as percentage of construction price of building
7. Yangchang Mine, Lauxuejiacun, Yunnan
8. Yangcheng Mine, Xinxuejiacun, Yunnan
9. Hebi No 2 Mine, public building
10. Fengfeng No 5 Mine, public building
11. Tongchuan Office, earth caves
12. Approximately
13. 206 caves

2. Weak points, building density, difficulty or impossibility of reinforcement, private ownership and the like must be taken into account in the case of villages and private buildings, and the fact of their small surface dimensions and ease of reconstruction must also be borne in mind. Actually, extraction does not result in complete collapse of houses; as a result, all areas have had the same experience, namely that if a small number of reserve houses are built before operations begin, endangered houses are taken down and buildings in locations where surface deformation is rather large are simply reinforced, safe extraction operations can be conducted.

C. The use of effective extraction techniques and methods is an important factor in assuring safe extraction beneath villages or civilian dwellings.

Extraction beneath villages is rather difficult and involves a good many technical problems which still await solution. Accordingly, systematic, focused intensification of experimentation with extraction beneath villages and private dwellings, where conditions permit, is necessary in order to increase resource recovery rates, extend mine lifetimes, and increase coal output.

8480

CSO: 4013/35

CONSTRUCTION

URGENT NEEDS OF CAPITAL CONSTRUCTION IN JIANGSU OUTLINED

Nanjing XINHUA RIBAO in Chinese 3 Aug 82 p 1

[Article by Wang Qiang [3769 1730]: "The Urgent Needs of the Moment Is To Carefully Attend to Projects To Be Ready for Commission and the Key Projects"]

[Text] In his talk with XINHUA RIBAO correspondent on 29 July, a responsible comrade of the provincial capital construction commission pointed out that the way capital construction was carried out in the first half year was far from ideal, and that the economic results were unsatisfactory. The situation was particularly serious because, after the completion of the tasks, the results of local projects turned out to be better than those of state projects, and the results of ordinary projects turned out to be better than those of key projects. This reversal of the order of importance must be set right. Therefore, the urgent needs of the moment is to carefully attend to those projects which the state and the province want to have commissioned in the second half year, the key projects, and the large and medium-size projects, and to be sure that these projects will be completed according to plans.

This responsible comrade of the provincial capital construction commission said: All the capital construction departments in the province did a great deal of work and achieved certain success in the first half year. They completed 39 percent, and 15 percent increase over the same period last year, of the work on capital construction as required in the annual investment plan. However, even a simple analysis will reveal many problems, the most obvious one being that only 33 percent, a reduction of 20 percent below the same period last year, of the plan with state investments was completed. Of the projects to be commissioned by the state and the province, the key projects, and the large and medium-size projects, only 23 percent, 32 percent and 28 percent respectively of the investment plans were completed. They are far below the average of 39 percent in the province. The completed floorspace in the housing project, for example, was 19 percent below that of the same period last year; the rate of completion dropped by 26 percent, and the percentage of fixed assets handed over for use also dropped by 21 percent, compared with the same period last year. All these figures show that the economic results are far from ideal.

On the other hand, however, the plans for projects financed with locally raised funds and funds from other sources were very well completed. The

completed projects amount to 62.5 percent, a 54 percent increase over the same period last year, of the annual plan. An important cause of this reversal of the order of importance is that some prefectures and municipalities have attached great importance to the construction projects of their own and paid little attention to the large and medium-size, and key projects of the central and provincial governments. This shows a lack of concern for the overall situation.

To change this situation, the responsible comrade of the provincial capital construction commission emphatically stated, it is hoped that all prefectures and municipalities will bear the overall situation in mind, conscientiously review their work in completing the capital construction projects in the first half year, and then take effective measures to do the following jobs well:

1. Strict control should be exercised on the scale of capital construction. The capital construction departments at all levels should take their jobs seriously when they examine and approve the designs for construction or expanded construction or allocate the construction tasks so as to prevent blind construction or overlapping construction.
2. They should bear in mind the overall situation and pay great attention to the projects to be commissioned by the state and the province, and to the key projects; and should promptly solve any problem in the course of construction. If any project fails to make its progress as required by the plan, the cause of the delay should be ascertained, and due measures should be taken to ensure its completion for commission according to schedule and the quality norm laid down. The projects on the Yizheng Chemical Fiber Industry Integrated Company, the Huaihai Cement Plant, and the Chuanshan Limestone Mine and the Mufushan Marble Mine which are intended to serve the Shanghai Baoshan Iron and Steel Plan, should all be completed within reasonable construction periods as required by the state.
3. Attention should be paid to the construction of residential housing and efforts must be made to complete an area not less than that of last year. At the same time, the accessory construction jobs should also be carefully attended to so as to be sure that these jobs can be completed and the buildings handed over for use according to plan.
4. Great efforts should be made to shorten the construction periods in order to improve the economic results. Particular attention should be paid to the projects still under construction so that they can be completed within the construction periods stipulated by the state.

9411

CSO: 4006/614

DOMESTIC TRADE

CAUSES OF REDUCED RETAIL SALES ANALYZED

Tianjin TIANJIN RIBAO in Chinese 4 Aug 82 p 4

[Article by Feng Hongqi [3301 3163 3825]: "A Concrete Analysis Should Be Made on the Drop in Retail Sales"]

[Text] Recently, retail sales in many areas have tended to drop. However, if we study the sales of different commodities, we will find increases as well as decreases. According to the statistics of sales in the department stores in Hongqiao Area in the first half year, the volume of retail sales dropped by 16.2 percent below that of the same period last year. Of the 53 main products, 15 of them had increased sales, while the remaining 38 had decreased sales, as compared with the same period last year. The actual increases and decreases are as follows:

Products with increased sales:

<u>Name</u>	<u>Percentage of increase</u>
Electric fans	35.5
TV sets	10.4
Tape recorders	105.3
Electric gramophones	465.0
Laundry machines	100.0
Bicycles	117.0
China-made wrist watches	32.0
Pressure cookers	125.1
Sewing machines	6.1
Laundry powder	8.2
Rubber shoes	5.0
Enamel mouth-wash cups	60.9
Flashlights	38.9
Fluorescent tubes	17.7
Knitted dacron	12.3

Products with decreased sales:

<u>Name</u>	<u>Percentage of decrease</u>
Chemical fiber cloth	27.8
Woolen goods	9.5
Silk	46.6
Cotton garments	37.2
Woolen garments	62.5
Knitted dacron garments	62.5
Cotton stockings	78.4
Woolen yarns	9.0
Woolen blankets	15.2
Leather shoes	47.2
All-plastic shoes	47.8
Clocks	18.8
Imported watches	66.0
Transistor radios	91.4
Pencils	25.0

From this list, we can see that the sales of high-grade durable products have been increased, while the sales of low- and medium-grade products have been decreased. These increases and decreases are directly related to the economic development and the universal increase of income for the workers and staff members in recent years. The increased income of workers and staff members is mostly used for purchasing high-grade products. We have conducted a survey on 33 households possessing high-grade durable articles. Our findings were as follows: 24 TV sets, owned by 73 percent of the households; 87 bicycles, owned by 76.7 percent of the working people; 111 wrist watches, owned by 95.7 percent of all the household members; 19 sewing machines, owned by 57.5 percent of the households; 13 electric fans, owned by 39.3 percent of the households; 3 laundry machines, owned by 9 percent of the households; and 5 tape recorders, owned by 15.1 percent of the households. This shows a higher standard of living for the residents as shown by the pattern of their consumption. The remnants of their traditional consumption (as shown by their main concern for food and clothing) is being gradually replaced by the ideas of modern living. From the pattern of residents' purchases, we can see that the level of household consumption is determined not only by their income, but also by their living environments. In other words, the average level of social consumption will also bring about a rise in the consumption level of individuals and households. This kind of chain reaction is inevitable.

Young people's marriage is one of the important factors in the increased consumption of high-grade products. A portion of the income of these 33 households was spent on young people's marriage. The living accommodation of newly married couples comes either from a partition of the original house or from allocation by their units. In such cases, the expenditures will be less, and they will spend money mainly on what they wear and use. To them, some articles seems to serve the purpose of decoration rather than utility; but some of these articles, such as sewing machines, are indispensable.

In 1980, three out of these 33 households had to spend money on their sons or daughters' marriage, and another four had also spent on their children's marriage preparations. They spent a total of 5,367 yuan on consumer goods, averaging 766.7 yuan each household in cash. It is estimated that each new couple's belongings in their new home would cost approximately 2,000 yuan. According to the statistics in Hongqiao Area, more than 15,600 young couples registered for marriage in 1981, and this number more than doubled that in 1980. This year, nearly 10,000 people will be of marriage age. This purchasing potential should be fully assessed.

9411

CSO: 4006/615

DOMESTIC TRADE

NEED FOR MORE COMMERCIAL ACTIVITIES IN COUNTRYSIDE REPORTED

Beijing SHICHANG in Chinese 19 Jul 82 p 1

[Article by Li Qinyuan [2621 3084 3293] and Li Xingmin [2621 6821 3046]:
"Jiangxi Peasants Hope to See More Stores in Villages and To Reduce Their
Long Trips"]

[Text] There are four "scarcities" in the commercial service trade in the rural areas of Jiangxi Province. They are scarcity of network outlets, scarcity in the number of trades, scarcity of commodity varieties, and scarcity of repair service. In the rural areas throughout the province, there are for every 10,000 people only 17.9 retail stores of all types, 1.9 food and drink stores, and 2.2 service trade outlets. For every 10 production teams, there are only 2.2 food and drink stores and 2.5 service outlets. Other than one supply and marketing cooperative in each commune and its branches in a small number of production brigades, there is no business outlet in approximately 70 percent of the production brigades. Some production brigades may have one procurement and marketing agency each, but each agency has only one or two sales clerks dealing only in salt, soy-bean sauce, soap, candies, tobacco, wine and sundry goods of less than 100 varieties. The existing supply and marketing cooperatives and their branches operate within small scopes and the varieties of their commodities cannot meet the peasants' needs. According to the requirements of the higher authorities, there should be 1,500-2,000 varieties of goods available in a basic-level supply and marketing cooperative, and even each branch should have more than 1,000 varieties. Many supply and marketing cooperatives, however, do not carry as many varieties as their branch should carry. Furthermore, because of the restrictions from the division of work and their professional capability, the supply and marketing cooperatives hardly have anything to do with the sales of animal products--such as pork, beef and mutton--maritime products, pastry, preserved vegetables, cold drinks and building materials for civilian use. Processing facilities for flour and garments, barber shops, photo-studios and public bathhouses are very scarce, while repair services for farm tools, bicycles, clocks and watches, sewing machines, radios and TV sets are practically nonexistent.

The cause of this situation is not the shortage of commercial personnel. Many leaders of supply and marketing cooperatives have said: Because of the arrangements made in providing jobs, the number of personnel has been increased everywhere. "It is like a meeting when they sit down, and like a long line-up when they stand up." This is now a common sight. The reason why the number of network

outlets is inadequate to the peasants' needs are as follows: First, most of the commercial workers are concentrated in the towns of communes and are unwilling to go down to the lower levels. That is why so many of them are in towns and so few of them in the rural areas. Secondly, there is something wrong with the business mentality of certain supply and marketing cooperatives. Generally they do not want to do business in the production brigades and production teams on the pretext that they would incur heavy losses because of the high transportation and miscellaneous expenses. Thirdly, this is a matter of failure in implementing policies as a result of which the collective and individual commerce in rural areas cannot be developed as they should be. The peasants in Jiangxi hope that the relevant departments can set up some stores in the production brigades or the hamlets so as to save the commune members the trouble of making long trips in buying their daily necessities

9411

CSO: 4006/605

FOREIGN TRADE

NATIONAL PRODUCTS VERSUS IMPORTED GOODS DISCUSSED

Fuzhou FUJIAN RIBAO in Chinese 30 Jul 82 p 3

[Article by Zhong Hua [6850 5478]: "National Products Past and Present"]

[Text] Recently, appeals for the use of national products have become more frequent for the following reasons: First, because of smuggling and the selling of smuggled goods, many commodities including wrist watches, tape recorders and even jeans are now regarded as being "in vogue," and are peddled secretly or openly in the streets. Secondly, some departments have blindly and excessively imported foreign consumer goods which have ousted national products from the market. This shows the psychological traits of some people who glorify anything that is foreign and have a fancy for these things. This should attract attention throughout the country.

For people of advanced age with the interests of the country at heart, the mention of advocating the use of national products is likely to evoke unpleasant memories. In the contemporary history of China, when the spate of foreign goods were forcing national products into oblivion, some national product markets, national product companies or national product department stores appeared in the large and middle-size cities in the country. Though standing for China's national industry, they were actually like isolated boats in the vast ocean being threatened by a storm. Nevertheless, advocating the use of national products at that time showed the will of our patriots in boycotting, opposing and struggling against the use of the goods from England, America and Japan, since every national product bought symbolized the people's hatred and protest against the economic aggression of imperialism. Unfortunately, the country then was not independent, and there was no market for its products. Even on the eve of the national liberation, national industry was at a low ebb and sinking fast. The birth of New China brought a hopeful future to China's national industry. The imperialist overlords then hoped against hope to strangle New China and its national industry in the cradle and fanatically carried out their policy of economic blockade and embargo. But things turned out to be contrary to their expectation, because their action only helped promote the development and prosperity of our national industry. Gone forever are the days when Chinese people had to rely on foreign goods in their daily life. We are using national products in our own clothing, food, living accommodation and travel, while satellites and nuclear

bombs can be produced entirely by ourselves. Since liberation, we have all been accustomed to the use of national products, which, as a term, no longer carry any special connotation, and may even sound unfamiliar to the young people. This historical evolution has reflected Chinese people's strength of character as well as the triumph of self-reliance. Every Chinese people should be proud of it.

"Past experience, if not forgotten, is a guide for the future." Now we are faced with a new problem which we seem to have previously experienced. To accelerate our four modernizations, the Party Central Committee has adopted the policy of opening our doors to the outside world and enlivening the economy at home with initial success. Along with the increase of foreign contacts, imported foreign goods has gradually come to play a role in some people's daily life, and this, under normal circumstances, should be no surprise. The problem, however, is that some people are fascinated by these goods to the point of worshipping them and tend to forget about their own country. These people have lost their national as well as personal dignity. On the other hand, this has led some people to doubt the open-door policy. These people even feel that "closing the door to the outside world would be better than worshipping foreign things." Thus one type of people worship foreign things and the other type are "afraid to eat for fear of choking." Both extremes are against the spirit of the party's policy. We open our doors to the outside world and import, in a planned way, some foreign funds, some urgently advanced technology and equipment and even some consumer goods only for the purpose of "making foreign things serve China" and developing our national industry. However, some consumer goods, which can be produced at home, as everyone knows, and the quality of which cannot be inferior to that of foreign goods, have still to be imported in huge quantities in the name of "opening our doors to the outside world." Thus foreign goods are rolling in, while national products become overstocked, and "the fertile water flows into other people's field." Who stands to gain and who stands to lose? Isn't the answer quite simple and clear? The patriots of the 1930's and 1940's raised the slogan "Please use national products." Now that we are in the 1980's, why can't our love of national products be the same as theirs? In view of the increasing appeals for the use of national products at present, it would be worthwhile for us to ponder over the fate of national products, past and present.

FOREIGN TRADE

INCREASED PROCESSING OF IMPORTED MATERIALS IN FUJIAN REPORTED

Fuzhou FUJIAN RIBAO in Chinese 4 Aug 82 p 1

[Article by the Information Group of the Provincial Foreign Trade Bureau:
"Large-Scale Increase in Export of Products Processed from Imported Materials
in Our Province"]

[Text] Since the Third Plenary Session of the 11th Party Central Committee, processing imported materials has undergone rapid development in our province. On the basis of large-scale increases in the past 2 years, the volume of exported goods processed from imported materials in the first half year increased by 31 percent over the same period last year, and the proportion of these goods to the total export value rose from 22 percent in the same period last year to 33 percent. They are an important factor in the sustained increase in our export trade in the first half year.

The import of raw and auxiliary materials for the production of finished products to be exported was under the unified management of the imports and exports companies under the Ministry of Foreign Trade in the past. Since 1980, the provincial foreign trade departments have taken over this job, and by arousing the enthusiasm of the relevant departments in various localities and bringing into play the potential in production, they have enabled the processing of imported materials into finished products to develop rapidly. In 1981, more than 70 different main products were produced this way, and the volume of exports was 84 percent over that of 1979, with an average progressive increase of 36 percent each year.

Since the beginning of this year, processing imported materials has further developed in our province. One special feature of this development is that the exports of goods made of imported materials, such as plastic slippers, leather bags, aluminum foil, knitwears and so forth has increased a great deal. The exports of plastic slippers, aluminum foil and knitwears have increased by 88 percent, 74 percent and 1 time respectively over the same period last year. Another feature is that while expanding the export of old products, new products are produced according to the changing demands in the international market, by developing processing according to supplied samples in order to expand the scope of processing imported materials. In the first half year, more than 10 different new products were produced, and the majority of them are being exported. Still another feature is the

development of labor-intensive processing in view of the conditions of production and the abundance of labor power in our province. This will not only promote production in the urban and rural areas but also help provide more job opportunities. According to incomplete statistics, more than 200,000 persons are now engaged in the processing of imported materials.

9411

CSO: 4006/615

FOREIGN TRADE

PROBLEMS IN USING IMPORTS TO SERVE EXPORTS CITED

Guangzhou GUANGZHOU RIBAO in Chinese 29 Jul 82 p 4

[Article by Hua Qing (5478 7230): "Several Urgent Problems in 'Using Imports to Serve the Expansion of Exports'"]

[Text] "Using imports to serve the expansion of exports," meaning the use of imported raw and semifinished materials, accessories and spare parts and then processing them into finished products for exports, is an important channel to develop our foreign trade and to expand our exports. Practice has proved that "using imports to serve the expansion of exports" in our municipality has played a splendid role in promoting the development of our social productive forces and our foreign trade and in increasing our foreign exchange earnings.

However, in developing the use of imports to serve the expansion of exports, there are still many problems in our municipality, and these problems must be carefully studied and solved. After analyzing the losses incurred in exporting some products, we feel that there are six problems in the use of imports to serve the expansion of exports, and that these problems are in urgent need of solution. 1) The problem of pricing in the allocation of imported materials. At present, in allocating imported materials to different plants, the prices charged are quite confusing. Some of them are based on domestic list prices; some are calculated at the rate used for the internal settlement of foreign exchange accounts and used outside the international market; some are calculated according to the state quoted foreign exchange rate; and some are calculated with the methods used in processing materials into finished products. Some products with a promising future in foreign trade have brought losses because of such unreasonable pricing which has raised their selling prices. As a result, the export of these products has been restricted or suspended. 2) The problem of purchasing imported raw and semifinished materials. Imported materials are exclusively handled by the foreign trade enterprises at or above the provincial level. The procedures of procurement are very complicated, and the lapse of time from the application for import to the use of the imported materials in production is several months, or even a whole year. Furthermore, the plant has to "buy from beyond the mountain," because it must take whatever has been imported,

and in any amount, and has no choice whatsoever. Because of the long lapse of time, the products off the production line may no longer be in demand on the international market, thus resulting in overstocking and waste. 3) The problem of dislocation between production and marketing and lack of coordination between industry and foreign trade. The plant takes care of production, while the foreign trade departments take care of sales, and there is no coordination between production and sales. The plant can only produce the kinds of goods with their quantities and specifications stipulated in the tasks allocated by the foreign trade department. It has no decisionmaking power of its own, and even less freedom in adapting its production to the changing international market. The foreign trade personnel seldom conduct any investigation abroad; they only sit in the office to wait for customers to place orders. When the order is too large for the plant to accept, both industry and foreign trade will blame each other. 4) The problem of incentive for producing goods for export. The demands on goods for export are high and difficult, but the profit from them is always lower than what can be gained from domestic sales. Thus the morale of these plants cannot be high. Some plants have increased their varieties, improved the packaging, produced brand-name products, and delivered their goods ahead of schedule. Even though their sales have been increased, the selling prices raised, and the cost for foreign exchange earnings lowered, the foreign trade departments do not reward them by giving them a certain percentage of profits. The plants thus have cause for complaint. 5) The problem of industry and foreign going out together on business. For a long time, it has been impossible for both industry and foreign trade to go out together to study and keep abreast of the changing international market or to do any sales promotion work. They only rely on the agents of foreign merchants and the trade fairs, or simply wait for the call of customers from whom they can gather some information on the international market. Thus the production and sales of exported goods are in a very passive position. 6) The problem of backward equipment which weakens the competitive power of exported goods. Compared with the advanced technology and equipment in foreign countries, we are at a great great disadvantage. Because of our backward equipment, low productivity and high production costs, and products have usually lost their competitive power.

Exporting finished products from processing imported materials is different from exporting goods made of materials from our own sources or exporting primary products, and a set of suitable policies and measures should be worked out. In working out such policies, our province should particularly encourage the prefectures, municipalities and counties to promote "using imports to serve the expansion of exports" so that the industrial and foreign trade departments at the basic levels will have more freedom of action. Therefore, I submit the following opinions:

1. The localities should form leading organs to develop the export of finished products made of imported materials. Along with the development of such exports, there will be many complex changes which will give rise to a series of problems, such as the question of who will import and who will export, the source of turnover foreign exchange, the responsibility for losses, the supply of funds for importing advanced technology and equipment, and so forth. Although all these problems have been specifically dealt with in

the current documents, the implementation of the rules calls for reporting to and approval by, people level by level and the procedures are very complicated, thus causing frequent interdepartment haggling and shifts of responsibility. Therefore, strong leading organs should be established in the key prefectures, municipalities and counties engaging in exporting finished products made of imported materials. These leading organs will work out plans, supervise the implementation of the policies and measures concerning "using imports to serve the expansion of exports," coordinate the work in various parties and promptly solve any existing problem.

2. Combined management of exports by industry and foreign trade should be practised step by step. The present system of foreign trade can no longer meet the requirements for expanding the exports according to the "using imports to serve the expansion of exports" policy, since the dislocation between production and sales is seriously hampering the expansion of this type of exports. Both industry and foreign trade have found such exports difficult and hope for a combined management which, they believe, will not only solve the problem of dislocation between production and sales and resolve the contradictions between industry and foreign, but also provide a good way to develop such exports and to turn the losses into profits. For example, more than 50 percent of the foreign exchange earnings of Guangzhou Municipal Animal Products Exports Company comes from the exports of leather shoes, and the production of leather shoes by the Leather Industry Company has to be developed through exports. Therefore, both industry and foreign trade are eager for some form of combined management. According to our calculations, if "using imports to serve the expansion of exports" will come under the combined management of industry and foreign trade, so that both parties will go out to do business, it will be possible for them not only to work out more realistic plans for developing the export of leather shoes, but also turn losses into profits in exporting leather shoes.

3. A sound system of management for "using imports to serve the expansion of exports" should be set up. At present, some good scientific methods of management are still lacking in "using imports to serve the expansion of exports." Different methods of handling financial matters by different units cannot truthfully reflect the state of their business operation, even though they are all processing imported materials. In examining and approving imports, using and repaying foreign exchange, the payment, reduction or remission of tax, the handling of invoices and vouchers, and the keeping of accounts, there is always a lack of coherence or a possibility of jobs getting into wrong hands. This will make it difficult to calculate foreign exchange earnings and the cost for foreign exchange earnings, and to determine the profits or losses. If not solved in time, these problems will hinder the development of "using imports to serve the expansion of exports" and cause undue losses. Therefore, we should formulate a scientific system of management in order that this type of exports will develop in the correct direction.

FOREIGN TRADE

PAPER ON TRADE WITH HONG KONG, MACAO

HK060350 Guangzhou YANCHENG WANBAO in Chinese 3 Oct 82 p 1

[Report: "Trade Cooperation Between Guangdong and Hong Kong-Macao Region Is Progressing Satisfactorily"]

[Text] Since the economic policy of opening up to the outside world was put into effect in our province, great progress has been made in the trade and economic and technological cooperation between Guangdong and the Hong Kong-Macao region and a situation of mutual benefit and mutual prosperity has been created. The 1981 export volume from Guangdong to Hong Kong and Macao amounted to \$1.305 billion, or nearly 300 percent of the 1978 figure. The export volume in the first 8 months of this year was close to the level in the same period of last year.

Our province borders on Hong Kong and Macao and has rich manpower and material resources and has certain industrial foundations. All this forms favorable conditions for developing foreign trade. Hong Kong is also situated in a favorable position as an international trade and financial center, and this also benefits the development of foreign economic relations and trade in our province. Over the last 3 years, our province has made full use of these favorable conditions to actively develop trade and economic and technical cooperation with Hong Kong and Macao businessmen and foreign businessmen. Through the methods of processing imported material, assembling imported spare parts, running joint ventures, cooperating in business and handling compensation trade, our province has signed more than 14,000 contracts in various fields. Of them, the major items include: the microwave communications project from Guangzhou to Hong Kong; joint land and water container transport service; the building of four bridges on the highroad from Guangzhou to Zhuhai; the Foshan Electronic Company, Limited; the dairy farm and the duck-raising farm in the Shenzhen Guangming farm; and the building of several large hotels, including the China (Guangzhou) Hotel.

Through the above-mentioned economic cooperation, both sides have gained economic benefits. The income from processing charges in our province in 1980-1981 amounted to nearly \$200 million. More than 200,000 people have gotten jobs. On the other hand, owing to the cheaper cost of labor, water, electricity and land on the mainland than in Hong Kong and Macao, outside businessmen have also obtained considerable profits. At the same time, because outside

businessmen, when investing and building factories on the mainland, need to reexport foreign raw materials and equipment from Hong Kong to the mainland, this has also helped promote economic prosperity in Hong Kong. In addition, because our province expanded the exports of fresh and live food commodities to Hong Kong at prices which were only one-half the average price of goods from other places, this has reduced the cost of living of Hong Kong residents.

CSO: 4006/032

FOREIGN TRADE

METHODS FOR PROMOTING FOREIGN TRADE IN LOCALITIES SUGGESTED

Guangzhou GUANGZHOU RIBAO in Chinese 22 Jul 82 p 4

[Article by Lao Xu [0525 6079]: "Promote Combined Management by Industry and Foreign Trade by Proceeding from Realities"]

[Text] In recent years, several forms have been proposed for reforming the foreign trade system. One of them, for example, is the "combination of industry and foreign trade" industrial enterprise, which will engage in both production and foreign trade with a view to bringing foreign trade into closer contact with production. Another form is the "industry-foreign trade combination" import and export company. In other words, special import and export companies are formed within the industrial system. Although these companies have the characteristics of being affiliated to commercial departments, they are still under the leadership and management of the industrial departments. In the past year or earlier, more than 10 industrial and agricultural departments have requested the establishment of import and export enterprises of these two types. However, apart from the few enterprises which are still conducting experiments, all the others have experienced difficulties.

What are the causes? First, the export of industrial products in Guangzhou amounts to approximately 94 percent of the total volume of exports in the municipality. However, the production cost for foreign exchange earnings of the vast majority of these industrial products are relatively high, and it is necessary for the state or the foreign trade departments at the higher levels to subsidize the loss. Once the industrial departments are separated from the foreign trade system, the problem of subsidizing losses will be very serious and as a result the products cannot be exported. Secondly, Guangzhou Municipality has only limited authority over the various aspects of import and export activities, and the state has adopted the systems of examination and approval, and issuing permits for imports and exports. Under such conditions, even though the industrial departments have formed their own import and export companies, these problems cannot be easily solved. Thirdly, and in the final analysis, if the industrial enterprises want to directly participate in import and export activities, they must possess certain necessary qualification; that is, their socialized mass production must be up to a certain stage, the integration of production enterprises must have reached a certain level, they must have enough products for export, and they must have the capability of managing import and export business (including the availability of a professional staff who are competent in foreign trade, the necessary connections in and

knowledge of the international market, relations with a certain number of prospective customers, the possession of storage and transportation facilities, and so forth). Without such capability, it will be very difficult to form foreign trade units out of industrial enterprises.

Proceeding from the realities in Guangzhou, we may encourage the system of combined management of industry and foreign trade. Under the present conditions, the so-called combined management of industry and foreign trade mainly refers to the production and export of commodities by the industrial and foreign trade units whose original affiliations remain unchanged and through close cooperation between the two parties.

There are two different methods for the combined management of industry and foreign trade: First, on the basis of "four combinations and two publicities" (namely, combinations of industry and foreign trade in performing official duties, in planning production, in conducting negotiations with foreigners, and in carrying out investigations abroad; and publicity to be provided by the production units for production costs, and publicity to be provided by the foreign trade units for the contracts with foreign customers), a joint leading organ is formed to strengthen the management of production and exports and to supervise the completion of the "procurement and marketing plans" of industry and foreign trade. The other method, which is one more step forward, is the sharing of profits between industry and foreign trade, so that economic benefits will bring about a close relationship between the two parties. For example, this method is being used in the combined management by the Guangzhou Municipal Light Industrial Products Import and Export Company and the Panyu Flashlight Plant in the export of Haiou brand flashlights, and by the same company and the Dongpu Commune in the suburbs for the export of toys.

Combined management by industry and foreign trade has the following features: First, combined efforts in management. For example, industry and foreign trade can jointly form a board of directors or a leading group and hold regular meetings to study their work to control production and to guide export through their joint efforts. Second, distinctive responsibility for both parties. In addition to the common goals for the current year, they should also plan for future development in a certain number of years, so that both industry and foreign trade will have some rules to go by in establishing a steady and long lasting relationship of cooperation. Third, a rational distribution of benefits. Within the scope permitted by policies, is it possible for the industrial enterprises to share more foreign exchange earnings or to obtain more fringe benefits? It should be possible, particularly for those enterprises which have helped the state to earn more foreign currency. Again, how will the obtained profits of the enterprise under combined management, which has overfulfilled state plans, be distributed between industry and foreign trade. Further research is necessary on this question. In the case of the combined management company selling Haiou brand flashlights produced in Panyu County, the ratio of distribution is 80 percent for industry and 20 percent for foreign trade. This method should be acceptable by the collectively-owned enterprises. But will it be practical for state-owned enterprises?

We must note that the basic goal of combined management by industry and foreign trade is to develop production, to improve the exported goods and to increase foreign exchange earnings. Combined management by industry and foreign trade can have a firm foundation and gain more benefits only when their common efforts are directed at this goal. If both parties are only concerned with their own benefits and cooperate with each other half-heartedly, then combined management will be meaningless.

9411

CSO: 4006/605

BRIEFS

TIANJIN PROCESSING PLANS OVERFULFILLED--Since the beginning of this year, 14 processing plans in the foreign trade sector have strengthened their management and overfulfilled their semiannual processing tasks for the first half year with a total output value of 54.8 million yuan, a 27 percent increase over the planned figure. The Foreign Trade Paper Container Plant is a special plant producing paper containers for exported products. This plant made every possible effort to meet export requirements by constantly improving the quality of its products and increasing the output of paper containers for bicycles. In the first half year, its output value increased by more than 2.3 times over the same period last year. Last year, its annual profit was 1,420,000 yuan, and in the first half of this year, its profit already amounted to 1,100,000 yuan. It is anticipated that its total profit this year will be more than 2 million yuan. The Foreign Trade Native Goods Processing Plant also increased its profit by a wide margin. While processing honey products, it is now proceeding with the installation of new equipment for processing wax candles as a preparation for expanding the export of wax candles. [Text] [Tianjin TIANJIN RIBAO in Chinese 20 Jul 82 p 1] 9411

CSO: 3000/605

LABOR AND WAGES

WORKERS CONGRESSES FORMED IN MORE THAN 9,000 UNITS IN SHANDONG

Jinan DAZHONG RIBAO in Chinese 4 Aug 82 p 1

[Article by Wang Lihua [3769 2621 5478] and Zhang Shengwu [1728 4164 0710]: "Workers and Staff Members Serving As Masters in Democratic Management of Enterprises--More Than 9,000 Units at or above the County Level in Our Province Have Set Up System of Workers' Congress"]

[Text] Since the Party Central Committee and the State Council approved and publicized the "Provisional Regulations Concerning Workers' and Staff Members' Congresses in State-Owned Industrial Enterprises" in July last year, the system of Workers' and Staff Members' Congress has been greatly developed in our province. Up to the end of June, more than 9,100 enterprises and public agencies in the industrial, capital construction, communications, finance and trade, agriculture, forestry and water conservancy, culture and education, and public health sectors at or above the county level in the province have adopted the system of workers' and staff members' congress. This number is 3 times that by the end of August last year.

In those units where this system is functioning fairly well, these congresses have played a remarkable role in strengthening and improving party leadership, enhancing the workers' and staff members' sense of being masters of the units, improving the enterprise management, promoting the development of production, raising the level of economic results, and increasing the fringe benefits of the workers and staff members. Since the restoration of the system of workers' and staff members' congress under party leadership in 1979, the Qingdao Long-Distance Trucking Company has held the Seventh Session of its Fourth Workers' and Staff Members' Congress and firmly adhered to the principle that all important matters in the enterprise should be examined, deliberated and decided by the congress, and that the enterprise should willingly accept mass supervision. This aroused the enthusiasm of the workers and staff members as masters of the enterprise, and improved the production and management with the result that production continued to increase along with the reduction of consumption and the improvement of economic results every year. In 1981, the provincial communications department announced seven criteria for the evaluation of 27 companies in the province, and this trucking company ranked first in six and second in one of these criteria. In the first half of this year, this company fulfilled more than one half of the main indices in terms of time and tasks.

In the past year, the achievements in the work of the workers' and staff members' congress was largely due to the effective leadership of the party committees at various levels and their conscientious implementation of the central government's directives and "Provisional Regulations." According to statistics, more than 690 study classes or training classes have been held in various areas, and more than 40,000 party, government, trade union, and CYL cadres of enterprises at the county level attended these classes. Many basic-level enterprises have also run study classes and lecture classes in order to train a large number of backbone forces to popularize the system of workers' and staff members' congress and to strengthen the democratic management of enterprises. Various publicity media in various forms were used in different places to propagate the directive of the central government and to carry out meticulous ideological and political work to help the workers and staff members overcome their lack of concern for the enterprise, lack of confidence, and their fear that they might have to "wear tight shoes" for airing their views; and to strengthen their sense of being the masters of the enterprise. The Jinan Pencil Plant, the Zhangdian Railway Station and some other units also adopted the system of holding classes and organizing the workers and staff members to study the "Provisional Regulations," to help them understand the meaning of setting up the congress, and the nature, tasks, functions and powers of the congress in order to enhance their sense of being the masters.

Since the beginning of this year, many localities have paid attention to the improvement of the congress system and the functions of the congress. First, they worked out the "Detailed Rules for Implementation" so that the activities of the congress activities will be institutionalized and carried out on a regular basis. Among the industrial, capital construction, and finance and trade enterprises in Jinan Municipality, more than 70 percent of the units have worked out their "Detailed Rules for Implementation." Secondly, more and more units have exercised the function and power of the workers' and staff members' congress in evaluating and electing cadres. In 1981, 203 units in the province have elected their own administrative personnel. Thirdly, experiments have been carried out in improving the work of the congress. The prefectures and municipalities of Weifang, Jining and Zaozhuang have held meetings to sum up or exchange experiences in the improvement of the system of workers' and staff members' congress.

In order that the trade union organs can undertake some of the work of these enterprises, the party committees at various levels have also paid great attention to strengthening the organization of trade unions. In Weifang Prefecture, among the 510 enterprises, each with more than 200 persons, 300 of them have trade union chairmen in their staff, and 285, or 87 percent of them are holding concurrent posts in the party or government organs of the enterprises. Among the 57 mines and engineering departments in the coal production sector of the province, 40, or 70 percent of them have trade union chairmen holding concurrent posts in the party or government organs of the enterprises.

TRANSPORTATION

BRIEFS

QINGHAI TRAFFIC--The strain in transport in Xining Municipality has been alleviated. Since 1979, Xining Municipality, Qinghai Province, has allocated some 1.9 million yuan of funds to improve transport and traffic facilities. [Xining Qinghai Provincial Service in Mandarin 2330 GMT 23 Sep 82]

LIAONING TRAIN MARSHALLING STATION--The construction of another big train marshalling station in China was in full swing at a place near the Yuguo station in western Shenyang Municipality, Liaoning Province. The Yuguo marshalling station covers a designed floor space of 5,000 mu and will be a hub of train transportation that links northeast China with the localities inside Shanhaiguan. The state has invested 180 million yuan in building the station. Upon the completion of the station, Shenyang's tense communications will be alleviated and, in particular, it will prepare the ground for transporting the coal of Shanxi Province to the northeast and solving the energy shortage of the northeast. The construction of the station started in July 1980 and will be completed in 1985. Now 90 percent of the 2.16 million cubic meters of earthwork have been completed. [SK300933 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 28 Sep 82]

'WEN WEI PO' ARTICLE ON SPECIAL ECONOMIC ZONES

88060421 Hong Kong WEN WEI PO in Chinese 5 Oct 82 p 3

[Article by Song Zhengting [1345 2182 1656], dean of students of the Central Party School of the CPC: "Viewing the Prospect of the Shenzhen Special Zone Following the 12th CPC Congress"]

[Text] Lu Xun once said: We should admire the first man who ate crabs. He dared to eat such a thing.

If we look at the long river of human cultural history, all the pioneers and explorers were also the first ones to eat crabs. Another of Lu Xun's sayings is also right. There are no ready-made roads "roads are made by people walking on the ground." Those who invent new medicine, new vaccines and new anti-toxins, for instance Edward Jenner, the discoverer of the smallpox vaccine, are the first ones to inject the dangerous vaccines into their own bodies. Why do I say all this? I want to say that those who work in the special zones are the ones who experiment in just such new enterprises. Since the creation of socialist states, there has never been anything like the Shenzhen and Zhuhai special zones in our country. The management of the zones is a new, complicated and risky experiment for those who engage in it. They are like the first person to eat crabs.

Facts have demonstrated that great results have been achieved in the creation of the Shenzhen special zone. The future of the special zone is already becoming clearer. Those who have been to the special zone are convinced of this fact and can testify to it.

However, there are inherent contradictions in the special zone. Those who work there come into contact with capitalism and foreign influences. If they cannot stand firm and the principles and policies are not clear, they may get into trouble and be corrupted. It is true that there are some who have been contaminated by foreign influences in the dazzling human world with its myriad temptations, they become degenerate and corrupted. It is pointless to conceal the facts. On this question, the 12th CPC National Congress has made it clear that the Chinese people, CPC members and cadres of the PRC, especially the cadres who make contact with foreigners, should have even more self-esteem.

They must not worship and have blind faith in things foreign and must not do things to damage the reputation of our people. Facts further prove that particularly in the coastal regions, among the party organizations, cadres and masses, there are plenty of good examples of people who "have stood by the riverside for a long time without their shoes being wetted." The number of such organizations and individuals is increasing. On the other hand, we should not be hesitant or pessimistic about pursuing our open economic policies, building special zones and making contact with foreigners through fear that some people may be polluted and corrupted. If it had been said that any contact with bacteria would result in poisoning, we would never have created public health services, still less antitoxins. If you do not believe it, you can go to hospitals, especially the hospitals for infectious diseases, and ask them where sanitary conditions are worst in the whole of our society, where there are the most bacteria and viruses. Doubtless, these hospitals are the very places where the sanitary conditions are worst, where there are most bacteria and viruses. In that case, are our doctors, nurses and medical personnel bound to catch diseases? No! Though there is some risk, their immunity is also the strongest. Is this not a universally acknowledged fact?

I do not work in a special zone and have not made any investigation or study of it. I have been to Shenzhen once. This is just like watching flowers on the back. Nevertheless, the place has broadened my mind and benefitted me a great deal. In accordance with an old habit, I did not say anything at the time. But I worried a lot about the people who worked there. Before the 3d plenary session of the 11th CPC Central Committee, when the rigid thinking symptomatic of the leftist disease prevailed, it would have been dangerous for them. But I then realized that the building of the economic zones is not an easy task. The road is bound to be rough and bumpy. The reasons are simple: First, this is a new undertaking, there is no previous example to follow. Second, this is a dangerous undertaking; there is the possibility of being corrupted, third, the undertaking is very complicated and involves many other problems. The special zone is not too big, but "up above there are 1,000 pieces of thread, down below there is only one needle." If the cadres and other people who work in the special zone are courageous and enterprising, clear headed and resolute, they will be like Tang Sanzang, the monk who entered the "Tribes' country." If his moral conduct had not been perfect, they would have vanished like to the Samsara and the bottomless world of mortals.

When I took part in the 12th CPC National Congress, all my doubts dissolved. The 12th National Congress has formulated and explained the firm and clear line, principles, our party and our country foreign affairs, further confirmed the basic economic policy, further made provisions for self-reliance and encouraged foreign investments and provided clear directives for the special zones. The 12th National Congress is the guide for the work of the whole party. The special zones firm and long-term directives. The special zone is a special zone of socialist China. Like the rest of China, it is entirely socialist from the economic base to the superstructure. From this point of view, it is nothing "special." It puts into practice the universal principle of socialism in Chinese society. More- over, the special zone should impose stricter demands on the party members and cadres in the special zone. If anyone thinks they can push the

special zone toward wholesale Westernization and make the ugly and decadent things of capitalism "specialized" in the special zone, it is an absurd idea of wishful thinking and they will not have the consent of the people. On the other hand, there is something special in these special zones. We must make this something more "special." We must keep our promise and win the trust of our people and the foreigners. If something which should not be specialized is specialized, that is an error; if something which should be specialized is not specialized but generalized, that is dereliction of duty. It runs counter to the state's original intention in establishing these special zones and experimental special zones.

As far as the whole party and the whole country are concerned, if we demand that all revolutionaries be firm and clear about the new situation, the new conditions and the new problems, I think even more of Shenzhen. I think that these demands are even more appropriate to the work and the workers in the special zone. I firmly believe that the 12th CPC National Congress will give the comrade workers in the special zone even greater strength to be clear-headed and firm revolutionaries.

1981. 4.20/033

'WEN WEI PO' ON SHENZHEN FOREIGN INVESTMENT PLANS

HK060806 Hong Kong WEN WEI PO in Chinese 4 Oct 82 p 1

[Dispatch from Shenzhen: "Shenzhen Publishes Preferential Treatment for Foreign Investment and Plans To Draw in Foreign Capital for 58 Projects"-- passages within slantlines published in boldface]

[Text] In order to speed up the development of the enterprises in the special economic zone and promote technical renovation in the existing medium-size and small enterprises there, the Shenzhen authorities today begin to give preferential treatment to businessmen from abroad on import tax, comprehensive industrial and commercial tax, enterprise income tax and land leases. They have published detailed regulations to guarantee the rights of investment and enterprises. Moreover, they have also published the details of the 58 industrial projects for which they plan to draw an investment in the near future. They have expressed welcome to any Hong Kong, Macao, overseas Chinese or foreign businessmen who would come to Shenzhen to discuss business and invest in Shenzhen, either by setting up factories on their own or by setting up joint ventures in cooperation with China.

The 58 industrial projects include the manufacture of color TV sets, refrigerators, washing machines, computer-operated telephones, microprocessors, clock radio-receivers, cassette recorders, electronic toys, cameras, electronic components, construction glassware, textile and knittery, a comprehensive food industry and the manufacture of air-conditioning equipment, leather goods, cement, colored porcelain handicrafts, shrink plastic film and other items. This reporter was informed that the following preferential treatment will be given to foreign businessmen in accordance with the conditions in the factories which they have set up and will set up in the Shenzhen special economic zone:

Exemption of Local Additional Tax and 20 Percent Reduction of Tax for big Enterprises. No Lease Will Be Charted on Formerly Unexploited Land for 1-3 Years

//Taxation// 1) Import tax: Import tax is exempted for the equipment, spare parts, raw materials, transport apparatus and other means of production that are imported for the production of the enterprises in the special zone. As for necessary articles for daily use, a specific or reduced import tax rate will be levied in accordance with actual conditions. 2) Comprehensive industrial and commercial tax: If the stipulated tax rate will cause difficulties

to the enterprises that produce goods for export to Hong Kong and Macao areas or to foreign countries, the enterprises will receive an exemption or reduction of comprehensive industrial and commercial tax by applying to relevant departments. On the products that are permitted to be sold at home, the comprehensive industrial and commercial tax should be levied without exception.

3) Enterprise income tax: The rate of this tax is 15 percent and no local additional tax should be levied. For 1-3 years a 15 or 20 percent reduction of this tax will be granted to enterprises that are relatively large on scale and advanced in technology.

//Lease on land// A 20-40 percent discount will be given to relatively large and advanced industrial enterprises on the most preferential standard lease rate of 10 yuan for each square meter per annum. An exemption from the lease for 103 years will be granted on formerly unexploited land such as mountainous waste areas, hilly land and marshland. The land lease is allowed to be changed and an increase of under 30 percent is allowed to be made for every 3 years. The lease can be paid in one lump sum or by installments. If it is paid by installments, an interest rate of 8 percent a year will be charged.

Wages in the Special Economic Zone Are 50 Percent Lower Than in Hong Kong

//Rent on factory building// In order to meet the demands of industrial investors, the Shenzhen Municipal Industrial Development Service Company has built a number of standard factory buildings with its own investment at the Shangbu industrial district, and a preferential rent rate of 3-5 yuan per square meter is being offered to industrial investors.

//Workers' wages// Enterprises in the special zone have to pay a labor service charge to every staff member and worker they employ. The amount of the charges should be fixed in accordance with the nature of the work and the enterprise at the time when the employment contracts are signed. According to the management needs of the enterprises, these enterprises are allowed to adopt on their own the methods of piecework wages, hourly rate or premium bonus schemes and can set the relevant rates. The wages in the special zone are 50 percent lower than those in Hong Kong under similar working conditions. The general monthly wage scale is between KHS600 and HK\$800.

//Other preferential treatment// 1) The [word illegible] that the enterprises in the special zone acquired by selling their products in the special zone under permission of the authorities of the special zone will be allowed to be used to pay a part of the relevant expenditures (including wages, tax, water, electricity, road tolls, insurance and others) of the enterprise in proportion to the ratio of its sales in the special zone to total sales. 2) Water is charged at 0.18 yuan for each cubic meter. Electricity is charged at 0.085 yuan per kilowatt hour for industrial production and 0.20 yuan per kilowatt hour for daily use. 3) Businessmen and personnel from abroad who must frequently travel between Hong Kong and the special zone to discuss business and investment and establish enterprises can apply for special visas which can be used to enter and leave the special zone through a special channel.

As for the rights and interests of the investors in their enterprises, the special zone will provide them with a very wide scope of transaction power for the businessmen who come from outside to invest in and establish industrial enterprises. The special zone will also protect the legitimate rights and interests of both the Chinese and foreign sides in accordance with the "regulations for the special economic zones in Guangdong Province" and other laws and decrees. It will protect foreign businessmen's rights in owning and disposing of their properties and in disposing and sending out the profits they have earned.

In the enterprises established by businessmen from abroad, businessmen enjoy the following rights: 1) They can manage their enterprises independently and employ foreign personnel on technical and management posts. 2) They can employ local people as staff and workers through the recommendation of the labor service company of the special zone or by advertising for staff and workers on their own. They can hold examinations to test the candidates of their employees and select the good ones as they please. The employers and the employees should sign employment contracts and a probation period of 3-6 months can be fixed for new employees. When there is surplus labor in some of these enterprises due to a change in production and technical conditions and unfit workers cannot meet the production requirements after training or the enterprises cannot provide them with other jobs, the enterprises can dismiss unfit workers. The enterprises are empowered to mete out, in accordance with the nature of the cases, punishment of having demerits recorded, wage reduction penalty and even dismissing staff and workers who have violated the regulations of the enterprises and have thus brought about evil results. 3) They are empowered to adopt, on their own, the wage systems of piecework, hourly rate, daily rate and monthly rate. 4) They can open accounts in the Bank of China and other banks in the zone that are allowed by the Chinese authorities to carry out business. These banks will facilitate their foreign exchange transactions. 5) The foreign, overseas Chinese, Hong Kong and Macao staff and workers these enterprises employ can change their wages and their other properly-earned income after the personal income tax deduction into foreign currency and send it out of the country through the Bank of China and other banks in the special economic zone in accordance with the foreign exchange management regulations of the zone. 6) The Chinese people in the zone can buy insurance from the Chinese People's Insurance Company and other insurance companies that are permitted to carry out business in the special zone by the Chinese authorities. 7) The legal profits of the enterprises after the enterprise income tax deduction can be changed into foreign currency and sent out of the country through the Bank of China and other banks in the special zone in accordance with the foreign exchange management regulations of the zone. 8) If for some reason the enterprises must close down, after clearing the business to the relevant department of the zone, under going all the necessary winding up and paying all debts, the remnant assets can be sold and the proceeds of the sales can be sent out of the country. 9) If disputes arise in the process of carrying out contracts (agreements), the two parties can solve these disputes through consultation on the basis of the spirit of equality and mutual benefits. If the disputes cannot be solved through consultation, the two parties can ask the Chinese arbitration institution to mediate in the disputes or settle the disputes through arbitration, or appeal to other international arbitration institutions, that both parties agree to, to resolve the disputes.

1982-1983-31

PRC'S BALANCE OF PAYMENTS TERMED 'GOOD'

HK070644 Hong Kong TA KUNG PAO in English 7 Oct 82 p 1

[Article by TA KUNG PAO correspondent Wanda Lee: "China's Balance of Payments Good"]

[Text] Beijing, 6 Oct--Judging from China's foreign earnings as compared with its foreign debts the country has done rather well in the efforts it made over the past three years to adjust revenue and expenditure.

China began borrowing funds from foreign governments and international monetary institutions--the World Bank and the International Monetary Fund--as far back as the early months of 1979. A spokesman for the Ministry of Foreign Economic Relations and Trade said at a recent interview that up to the end of June this year, however, the country has used only 29 per cent of the U.S.\$8,040 million it had negotiated in soft loans.

The government made do with the concessionary U.S.\$2,040 million, cautiously borrowing only an additional U.S.\$3,000 million through commercial bank loans, the ministry said.

Meanwhile, total exports last year alone brought in U.S.\$20,900 million. This means that China's debt servicing ratio covers an healthy 11 per cent, an indication to foreign bankers that Chinese ability to repay foreign debts is very strong. With this year's first 6 months' export growth posted at 10.2 per cent compared with the same period last year despite prolonged world recession, China is certain to be seen as a good risk borrower.

Part of the reasons why the restructuring program have been able to get along with so seemingly little is because a substantial amount of foreign funds being sunk into Chinese industry is from overseas investors. Joint ventures and compensation trade have, up to the end of June, drawn U.S.\$1,000 million from foreign investors, who have pledged another U.S.\$2,000 million, the ministry said.

Nor has the government overlooked her vast labour force. Through 600 work programs in some 30 countries, a total of 25 thousand Chinese engineers, construction workers, and chefs bring in a gross income of U.S.\$970 million.

While observers contend that hiring out its work force mitigates problems of unemployment and underemployment at home, the Chinese say 25 thousand abroad is insignificant in that context. They note that those employed at home in processing and assembling work for overseas businesses make a more significant figure at 300,000. The longer advantage of sending people abroad, the Chinese say, is manpower training. Also, when engineers go overseas, they bring with them Chinese equipment and materials. This could in the long run boost Chinese exports in areas such as the machine building industry.

CSH: 4020/005

USE OF VIDEOTAPES IN PRODUCT MARKETING

HA00719 Hong Kong SOUTH CHINA MORNING POST in English 7 Oct 82 Canton Trade Fair Supplement p 20

[Text] China is to boost its marketing efforts by promoting products on a series of video tapes.

Tape cartridges depicting Chinese-made products and how they are manufactured will be made available through the 136 Chinese embassies beginning this month.

At the same time, distributors will be appointed in major buying countries to sell the tapes to companies trading or intending to trade with China.

Marketing through video tape is widely used elsewhere, but this is believed to be the first time such a project has been launched in Asia.

The project is being run by the Hong Kong-based Hsin Fung Advertising Co and Robert Chun Production House Co Ltd, which has set up an associate, Video Publication Ltd, to handle the project.

Two kinds of tapes will be available; the first will be updated every three months and will cover the whole of China.

The second will be produced every six months and will concentrate on individual industrial and manufacturing centres.

Included in the October launch will be Peking, Shanghai, Guangdong and Nanjing, Mr Chun said.

Each about 90 minutes each, the tapes will begin with an introduction advising businessmen how to trade with China.

It will then go on to detail a number of Chinese products, showing how and where they are made, with shots of the factory and staff.

Each tape will end with the name of the government department to contact for further inquiries.

Decisions about which products are to be promoted will be made in China, Mr Chua said.

The cassettes will be distributed free to Chinese embassies and to government bodies in other countries promoting trade with China.

"We plan to make each tape as comprehensive as possible," Mr Chua said.

"We are keeping in mind the businessman who might never have had any previous dealings with China.

"At the same time, we will be providing invaluable updated information to China trading veterans."

CSO: 4020/005

'TA KUNG PAO' ON SHENZHEN INDUSTRIAL PROJECTS

HK070659 Hong Kong TA KUNG PAO in English 7 Oct 82 p 4

[By TA KUNG PAO staff correspondent]

[Text] [A total of] 58 industrial projects in the special economic zone (SEZ) of Shenzhen have been proposed for outside investment, according to the SHENZHEN HERALD, Monday.

The package follows a large-scale investment promotion meeting held in Guangzhou in June at which 130 projects were offered to Hong Kong and foreign businessmen. Total investment at that meeting was set at U.S.\$1.65 billion of which U.S.\$900 million was to be financed by outside investors. Half of the projects were located in coastal provinces, the other in the interior. Only 5 were newly-established enterprises: the remaining 125 were aimed at revamping or expanding existing ones.

The recent Shenzhen package differs from its predecessor in that the majority of the proposed projects, numbering 40, will be new, while only 18 are revamping propositions. The mode of cooperation also takes the more advanced forms of equity and cooperative ventures, a 3-way combination of interior, the Shenzhen special economic zone and outside investments, and enterprises financed and operated exclusively by overseas firms.

It is known that a large portion of cooperative efforts in the SEZ had assumed the simpler forms of processing materials supplied and compensation trade.

The SHENZHEN HERALD did not give the required investment of each of the proposed 58 projects.

The range of the projects, however, was described as covering light industry, chemical industry, electronics, food and beverage, machine and hardware, art and garments, etc.

The announcement came with details of the zone's regulations on taxation, land use, the leasing of industrial space, wages and preferential treatments granted to overseas investors.

All essential equipment, parts and components, raw material and means of transportation are exempt from import tariffs. Exemption of consolidated tax may be applied for products for export to Hong Kong, Macao and foreign countries. The rate of income tax is set at 15 per cent. But advanced technology and large-scale enterprise are granted a further cut of 20-40 per cent or a grace period of 1-3 years.

On land use, large industrial projects will enjoy a 20-40 per cent reduction on top of the most favoured rate (RMB10 per sq metre per year) for land allotted for industrial use. A grace period of 1-3 years will be granted to the use of hilly or marsh land. Land royalties are subject to change once every 3 years, but the extent of the adjustment shall be kept within 30 per cent.

The monthly rent for factory floor space is RMB3-5 per sq metre.

The hiring of staff and workers will be executed according to labour contracts. Wages may take the form of piecework, or hour, daily or monthly work as the enterprise deems fit. For the same type of work, the wage level of the SEZ, will be about 50 per cent of standards in Hong Kong, i.e. between HK\$600-800.

Other preferential rights pertain to payment in RMB for wage, taxes, water and electricity fees, insurances and other costs, and the procurement of a special card for multi entry/exit between Hong Kong and Shenzhen.

All property and management rights and rights to remitting profits abroad have the legal protection as provided by the Guangdong special economic zone regulations, the announcement says.

According to the NANFANG RIBAO (SOUTH CHINA DAILY), the absorption of outside investment in Shenzhen has taken a sharp upward swing since July. Relying for the most part on Hong Kong business circles in the past, the zone received a marked increase in investments from the U.S., Japan and Southeast Asia in the summer that has just passed. A new industrial sector, a container wharf and a tourist centre have been financed by a group of Japanese, Southeast Asian, Arabian and African firms. Another tourist centre has successfully attracted capital investment from U.S., Canadian and Australian businessmen. Illustrating the accelerated pace of development, the paper mentions the Shenzhen golf club, a proposition considered in 1979; the contract signed formally in July calls for a capitalist investment of HK\$170 million.

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Oct. 23, 1982